華電國際電力股份有限公司
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED *

Stock Code: 1071

2023
ANNUAL REPORT

www.hdpi.com.cn

* For identification purposes only

CONTENTS

COMPANY PROFILE

Huadian Power International Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") are one of the largest comprehensive energy companies in the People's Republic of China (the "**PRC**"), primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various renewable energy projects. The Group's controlled power generating assets in operation are located in 12 provinces and cities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources. As of the date of this report, the Group had a total of 45 controlled power generation enterprises which have commenced operations involving a total of 58,449.78 MW controlled installed capacity, primarily including 46,890 MW attributable to coal-fired generating units, 9,094.59 MW attributable to gas-fired generating units and 2,459 MW attributable to hydropower generating units.

The Company was incorporated in Jinan, Shandong Province, the PRC on 28 June 1994. On 30 June 1999, the Company issued approximately 1,431 million H shares in its initial public offering, and such H shares are listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). On 3 February 2005, the Company successfully issued 765 million A shares in the PRC, and such A shares are listed on the Shanghai Stock Exchange ("**SSE**"). Subsequently, on 1 December 2009, 3 July 2012 and 18 July 2014, the Company issued 750 million, 600 million and 1,150 million A shares, respectively, each through a non-public issuance, and all such A shares are listed on the SSE. On 30 July 2014, the Company issued approximately 286 million H shares by way of placing, and such H shares are listed on the Hong Kong Stock Exchange. On 8 September 2015, the Company issued approximately 1,056 million A shares by way of non-public issuance, and such A shares are listed on the SSE. On 28 September 2021, the Company issued approximately 6.8816 million A shares and 14,701,590 convertible corporate bonds by way of non-public issuance, and such A shares and convertible corporate bonds are listed on the SSE. On 1 June 2023, the Company completed the conversion of 14,701,590 convertible corporate bonds into 358 million A shares and such A shares are listed on the SSE. Currently, the Company's total share capital is 10,227,561,133 shares, including 8,510,327,533 A shares and 1,717,233,600 H shares, accounting for approximately 83.21% and 16.79%, respectively, of the current total share capital of the Company. As of 31 December 2023, the total number of regular employees of the Group amounted to 24,778.

Details of the Group's major operational power generating assets as of the date of this report are as follows:

(1) Details of controlled coal- and gas-fired generating units are as follows:

Category		Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
Coal-fired	1	Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
	2	Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
	3	Laicheng Plant	1,200	100%	4 x 300 MW
	4	Fengjie Plant	1,200	100%	2 x 600 MW
	5	Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**")	2,000	69%	2 x 1,000 MW
	6	Huadian Laizhou Power Generation Company Limited ("**Laizhou Company**")	4,000	75%	4 x 1,000 MW
	7	Huadian Weifang Power Generation Company Limited ("**Weifang Company**")	2,000	64.29%	2 x 670 MW + 2 x 330 MW
	8	Huadian Qingdao Power Generation Company Limited ("**Qingdao Company**") *(Note 4)*	1,725.54	55%	1 x 505.54 MW + 1 x 320 MW + 3 x 300 MW
	9	Huadian Zibo Thermal Power Company Limited ("**Zibo Company**")	950	100%	2 x 330 MW + 2 x 145 MW
	10	Huadian Zhangqiu Power Generation Company Limited ("**Zhangqiu Company**")	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
	11	Huadian Tengzhou Xinyuan Thermal Power Company Limited ("**Tengzhou Company**")	930	93.26%	2 x 315 MW + 2 x 150 MW
	12	Huadian Longkou Power Generation Co., Ltd. ("**Longkou Company**")	1,540	100%	1 x 660 MW + 4 x 220 MW

COMPANY PROFILE (CONTINUED)

Category		Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	13	Huadian Hubei Power Generation Company Limited (Note 1) ("**Hubei Company**")	6,855.6	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 2 x 185 MW + 2 x 122.8 MW
	14	Anhui Huadian Lu'an Power Generation Company Limited ("**Lu'an Company**")	1,320	95%	2 x 660 MW
	15	Anhui Huadian Suzhou Power Generation Company Limited ("**Suzhou Company**")	1,260	97%	2 x 630 MW
	16	Anhui Huadian Wuhu Power Generation Company Limited ("**Wuhu Company**")	2,320	65%	1 x 1,000 MW + 2 x 660 MW
	17	Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Yuhua Company**")	600	20.80%	2 x 300 MW
	18	Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited ("**Luhua Company**") (Note 2)	661	90%	2 x 330 MW + 1 MW
	19	Huadian Xinxiang Power Generation Company Limited ("**Xinxiang Company**")	1,320	97.93%	2 x 660 MW
	20	Huadian Luohe Power Generation Company Limited ("**Luohe Company**")	660	79.11%	2 x 330 MW
	21	Huadian Qudong Power Generation Company Limited ("**Qudong Company**")	660	90%	2 x 330 MW
	22	Sichuan Guang'an Power Generation Company Limited ("**Guang'an Company**")	2,400	80%	2 x 600 MW + 4 x 300 MW
	23	Tianjin Development Area Branch Company of Huadian Power International Corporation Limited ("**Tianjin Development Area Branch Company**")	510	100%	3 x 170 MW
	24	Guangdong Huadian Pingshi Power Generation Company Limited ("**Pingshi Power Generation Company**")	600	100%	2 x 300 MW
	25	Guangdong Huadian Shaoguan Thermal Power Company Limited ("**Shaoguan Thermal Power Company**")	700	100%	2 x 350 MW
	26	Shantou Huadian Power Generation Company Limited ("**Shantou Company**")	1,360	51%	2 x 680 MW
	27	Shuozhou Thermal Power Branch Company of Huadian Power International Corporation Limited ("**Shuozhou Thermal Power Branch Company**") (Note 2)	701.2	100%	2 x 350 MW + 1.2 MW
	28	Hunan Huadian Changsha Power Generation Company Limited ("**Changsha Company**")	1,200	70%	2 x 600 MW
	29	Hunan Huadian Changde Power Generation Company Limited ("**Changde Company**")	1,320	48.98%	2 x 660 MW
	30	Hunan Huadian Pingjiang Power Generation Company Limited ("**Pingjiang Company**")	2,000	100%	2 x 1,000 MW
Gas-fired	31	Hangzhou Huadian Banshan Power Generation Company Limited ("**Banshan Company**")	2,415	64%	3 x 415 MW + 3 x 390 MW
	32	Hangzhou Huadian Xiasha Thermal Power Company Limited ("**Xiasha Company**")	246	56%	1 x 88 MW + 2 x 79 MW
	33	Hangzhou Huadian Jiangdong Thermal Power Company Limited ("**Jiangdong Company**")	960.5	70%	2 x 480.25 MW
	34	Huadian Zhejiang Longyou Thermal Power Company Limited ("**Longyou Company**")	405	100%	1 x 130.3 MW + 2 x 127.6 MW + 1 x 19.5 MW
	35	Hebei Huadian Shijiazhuang Thermal Power Company Limited ("**Shijiazhuang Thermal Power Company**") (Note 2, 3)	1,310.2	82%	2 x 453.6 MW + 2 x 200 MW + 3 MW
	36	Shijiazhuang Huadian Heat Corporation Limited ("**Shijiazhuang Heat Corporation**")	12.55	100%	2 x 4.275 MW + 2 x 2 MW
	37	Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal Power Company**") (Note 2)	400.49	100%	2 x 200 MW + 0.49 MW
	38	Tianjin Huadian Nanjiang Thermal Power Company Limited ("**Nanjiang Thermal Power Company**")	930	65%	2 x 315 MW + 1 x 300 MW
	39	Guangdong Huadian Shenzhen Energy Company Limited ("**Shenzhen Company**")	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
	40	Huadian Foshan Energy Company Limited ("**Foshan Energy Company**")	329	90%	4 x 59 MW + 1 x 47.5 MW + 1 x 45.5 MW
	41	Guangdong Huadian Qingyuan Energy Company Limited ("**Qingyuan Company**")	1,003.2	100%	2 x 501.6 MW

COMPANY PROFILE (CONTINUED)

Note 1: Details of the installed generating units of Hubei Company are as follows:

Category	Name of power plant/company	Installed capacity *(MW)*	Shareholding percentage of Hubei Company	Generating units
Coal-fired	Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant ("**Huangshi Thermal Power Plant**")	330	100%	1 x 330 MW
	Hubei Xisaishan Power Generation Company Limited ("**Xisaishan Company**")	660	50%	2 x 330 MW
	Hubei Huadian Xisaishan Power Generation Company Limited ("**Huadian Xisaishan Company**")	1,360	50%	2 x 680 MW
	Hubei Huadian Xiangyang Power Generation Company Limited ("**Xiangyang Company**")	2,570	60.1%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW
	Hubei Huadian Jiangling Power Generation Company Limited ("**Jiangling Company**")	1,320	100%	2 x 660 MW
Gas-fired	Huadian Hubei Power Generation Company Limited Wuchang Thermal Power Branch Company ("**Wuchang Thermal Power**")	370	100%	2 x 185 MW
	Hubei Huadian Xiangyang Gas Turbine Thermal Power Company Limited ("**Xiangyang Thermal Power**")	245.6	51%	2 x 122.8 MW

Note 2: The 1.2 MW photovoltaic generating units of Shuozhou Thermal Power Branch Company, the 1 MW photovoltaic generating units of Luhua Company, the 3 MW photovoltaic generating units of Shijiazhuang Thermal Power Company and the 0.49 MW photovoltaic generating units of Fuyuan Thermal Power Company are for own use.

Note 3: Generating units of Shijiazhuang Thermal Power Company include two 200 MW coal-fired generating units.

Note 4: Generating units of Qingdao Company include one 505.54 MW gas-fired generating unit.

(2) Details of controlled renewable energy generating units are as follows:

Category		Name of power plant/company	Installed capacity *(MW)*	Equity interest held by the Company	Generating units
Hydropower	1	Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("**Hebei Hydropower Company**") *(Note 2)*	65.5	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW + 2 x 3.2 MW + 1 x 1.6 MW + 0.5 MW
	2	Sichuan Huadian Luding Hydropower Company Limited ("**Luding Hydropower Company**")	920	100%	4 x 230 MW
	3	Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("**Za-gunao Hydroelectric Company**")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
	4	Sichuan Huadian Power Investment Company Limited *(Note 1)* ("**Sichuan Investment Company**")	883	100%	3 x 70 MW + 3 x 62 MW + 3 x 56 MW + 3 x 46 MW + 3 x 38 MW + 3 x 11 MW + 4 x 8.5 MW

COMPANY PROFILE (CONTINUED)

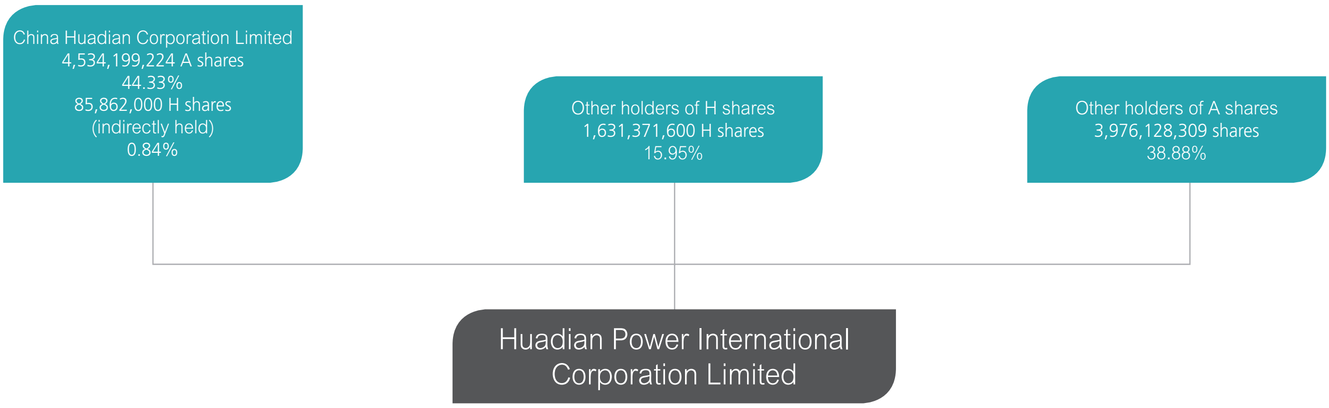
Note 1: Details of the installed generating units of Sichuan Investment Company are as follows:

Category	Name of power plant/company	Installed capacity *(MW)*	Shareholding percentage of Sichuan Investment Company	Generating units
Hydropower	Lixian Xinghe Power Company Limited ("**Lixian Company**")	67	100%	3 x 11 MW + 4 x 8.5 MW
	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("**Shuiluohe Company**")	816	57%	3 x 70 MW + 3 x 62 MW + 3 x 56 MW + 3 x 46 MW + 3 x 38 MW

Note 2: Generating units of Hebei Hydropower Company include 0.5 MW photovoltaic generating units for own use, and 1.6 MW hydropower generating units for own use.

SHAREHOLDING STRUCTURE

At the end of the reporting period, the shareholding structure of the Company is as follows:



CHAIRMAN'S STATEMENT

Dai Jun
Chairman

Dear Shareholders,

In 2023, the Group earnestly implemented the decisions and arrangements made by the Board of Directors (the "**Board**") of the Company, and actively responded to the impact of the complex and severe macroeconomic situation. With the goal of building a strong and large first-class energy listed company, the Group focused on improving the quality of the listed company, strove for the goal, did solid work, overcame difficulties and acted proactively, and surpassed the annual targets and tasks, thus constantly making new achievements and taking its business to a new level.

The Group stood the tests of sustained water shortages in the first half of the year, multiple rounds of high temperatures in summer and wide-range extreme cold in winter, and provided strong electric power guarantee for socio-economic development and people's better life. Electricity supply was safe and steady, electricity consumption was stable with good momentum, electricity supply and demand achieved overall balance, and the green and low-carbon transition of electricity continued to promote.

In terms of results of operations, the turnover of the Group was approximately RMB116,376 million; the earnings for the year attributable to equity holders of the Company was approximately RMB4,601 million; the basic earnings per share was approximately RMB0.355. The power generation was 223.80 million MWh, representing an increase of approximately 1.30% as compared with the same period of the previous year; the heat generation amounted to 172 million GJ, representing an increase of approximately 3.27% as compared with the same period of the previous year. The total coal consumption for power supply was 289.34g/KWh, representing a year-on-year increase of 2.23g/KWh. As at the end of the year, the liabilities to assets ratio was 62.07%, remaining at the excellent level among listed companies in the same industry.

In terms of project development, the power supply projects that have been put into operation by the Group in 2023 amounted to approximately 3,695.54 MW, including 3,020 MW efficient coal-fired generating units, and 675.54 MW gas-fired generating units. As of the date of this report, the Group's controlled installed capacity was 58,449.78 MW. The Group made great efforts to develop high-quality conventional energy, deployed pumped storage project resources at various locations, so as to provide new businesses for the Group's transformation development. The Group also actively developed strategic emerging industries, and actively carried out research on "Three New" businesses to provide support for the Company's expansion in energy storage, carbon control and pollution reduction and other technology applications.

In terms of production safety, in 2023, the Group coordinated development and safety, strictly implemented the "15 Specific Measures" for safety production, and did a good job in safety production, electricity and heat supply, the construction of a dual-precaution mechanism and emergency response. Work plans were formulated to continuously strengthen the foundation of safety management, including seasonal inspections, flood fighting and prevention, "production safety month", power generation safety and energy supply assurance in winter.

CHAIRMAN'S STATEMENT (CONTINUED)

In terms of environmental protection, the Group earnestly performed the environmental protection responsibility for compliant discharge, assiduously carried out supervision and benchmarking on major energy-consumption indicators, and put forward targeted energy conservation and consumption reduction proposals in time, so as to dynamically optimize the Group's coal consumption and maintain the leading level in the industry. We monitored real-time carbon market dynamics, stayed informed about the ongoing progress in constructing the carbon market and its operating model. Furthermore, we promote the development of the Group's carbon asset visualization analysis and business performance evaluation system, so as to elevate the standards of carbon asset management and operation.

In terms of profit distribution, the Group implemented a continuous, stable and active profit distribution policy under the principle of focusing on reasonable investment returns for shareholders, in consideration of the overall interests of all shareholders, the long-term interests and reasonable capital needs of the Company. It is expected to propose a dividend of RMB0.15 per share (tax inclusive), based on the total share capital of 10,227,561,133 shares, totaling approximately RMB1,534,134.17 thousand (tax inclusive) for 2023 at the Seventh Meeting of the Tenth Session of the Board of the Company.

The year 2023 was a year of making progress while maintaining stability, and scoring remarkable achievements. The Group won the rating of A in information disclosure on the Shanghai Stock Exchange for the ninth year in a row, the "Best Listed Company", China Securities Golden Bauhinia Awards for the fifth year in a row, the Grade A credit rating taxpayer for the fourth year in a row, and the "Golden Bull Award for Top 100 Enterprises" of the First Guoxin Cup. The Board of the Company won the "Best Practice Case in 2023" from the China Association for Public Companies. Our outstanding achievements depend on the active efforts and hard work of all employees, as well as the constant trust and support of shareholders, and continuous care and help from all walks of life. I would like to express my heartfelt thanks to them!

In 2024, the Company will stand on a new development stage to implement a new development philosophy and foster a new development paradigm. The Company will adhere to the general tone of making progress while maintaining stability. Based on quality improvement, efficiency enhancement, corporate governance by law, and compliant operation, the Company will take reform and innovation as the driving force to continuously optimize and adjust the arrangement structure with a focus on high-quality development, so as to improve its vitality in the reform and development, and accelerate the establishment of a first-class listed energy company with international reputation.

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

(1) Power Generation

As of the date of this report, the Group's total controlled installed capacity amounted to 58,449.78 MW. Power generation by the Group in 2023 amounted to 223.80 million MWh, representing an increase of approximately 1.30% compared with the same period of the previous year. The volume of on-grid power sold amounted to 209.55 million MWh, representing an increase of approximately 1.21% compared with the same period of the previous year. The annual utilization hours of the Group's generating units were 3,956 hours, among which the utilization hours of coal-fired generating units were 4,301 hours, the utilization hours of natural gas-fired generating units were 2,188 hours, and the utilization hours of hydropower generating units were 3,795 hours. The coal consumption for power supply was 289.34g/KWh in aggregate.

(2) Turnover

In 2023, the Group's turnover amounted to approximately RMB116,376 million, representing an increase of approximately 9.83% over 2022; of which revenue generated from sale of electricity amounted to approximately RMB96,152 million, representing an increase of approximately 0.69% over 2022; revenue generated from sale of heat amounted to approximately RMB9,624 million, representing an increase of approximately 7.28% over 2022; revenue generated from sale of coal amounted to approximately RMB10,601 million, representing an increase of approximately 609.59% over 2022.

(3) Profit

In 2023, the Group's operating profit amounted to approximately RMB4,101 million, representing an increase of approximately RMB8,285 million over 2022 (restated), mainly due to the combined impact of the Group's lower fuel prices, incremental benefits contributed by the operation of new projects and the decrease in investment income from the invested coal enterprises. For the year ended 31 December 2023, the profit for the year attributable to equity holders of the Company amounted to approximately RMB4,601 million, the profit for the year attributable to equity shareholders of the Company amounted to approximately RMB3,594 million, and the basic earnings per share was approximately RMB0.355.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

(4) The Capacity of Newly-added Generating Units

During the reporting period, the details of the Group's newly-added generating units are as follows:

Projects	Category	Capacity *(MW)*
Shantou Company	Coal-fired	1,360
Pingjiang Company	Coal-fired	1,000
Longkou Company	Coal-fired	660
Tianjin Development Area Branch Company	Coal-fired	170
Qingdao Company	Gas-fired	505.54
Total	/	**3,695.54**

(5) Generating Units Approved and under Construction

As of 31 December 2023, the Group's major generating units approved and under construction are as follows:

Company/Project Name	Category	Planned new installed capacity *(MW)*
Guangdong Huadian Huizhou Energy Company Limited ("**Huizhou Company**")	Gas-fired generating units	2 x 535
Huadian Jinan Zhangqiu Thermal Power Company Limited ("**Zhangqiu Thermal Power**")	Gas-fired generating units	2 x 501.65
Qingdao Company	Gas-fired generating units	1 x 505.54
Chongqing Tongnan Gas Turbine Project	Gas-fired generating units	2 x 500
Huadian Shantou Energy Company Limited ("**Shantou Energy**")	Coal-fired generating units	2 x 1,000
Longkou Company	Coal-fired generating units	1 x 660
Zhejiang Huadian Wuxi River Hybrid Pumped Storage Power Generation Company Limited ("**Wuxi River Company**")	Pumped storage generating unit	298
Total	/	**6,536.84**

BUSINESS OUTLOOK

(1) Competitive Landscape in the Industry and Development Trend

The Central Economic Work Conference emphasized that we should adhere to the principles of seeking progress while maintaining stability, promoting stability through making progress, and breaking old concepts before innovation, firmly grasp the primary task of high-quality development, continuously consolidate and enhance the trend of economic recovery, and focus on expanding China's domestic demand and high-level of opening up to the outside world, all of which will effectively stimulate the growth in electricity demand.

According to the analysis and forecast on the national power supply and demand in 2024 by China Electricity Council, in terms of power demand, the national electricity consumption is expected to grow steadily in 2024. Taking into account the macroeconomic growth, electrification of terminal energy consumption equipment and other factors, and based on the prediction results of the electricity consumption by different methods, it is expected that the electricity

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

consumption of the entire society in China will be 9.8 trillion KWh in 2024, representing an increase of about 6% as compared with 2023. In terms of power supply, it is expected that the new installed generating capacity will exceed 300 million KW again in 2024, and the total installed generating capacity in China will reach 3.25 billion KW by the end of 2024, representing a year-on-year increase of about 12%. The thermal power installed capacity will reach 1.46 billion KW, of which the coal-powered installed capacity will reach approximately 1.2 billion KW. It is expected that the national power supply and demand will be tightly balanced during the summer and winter peak seasons in 2024. Various factors, such as power supply and demand, climate uncertainty, etc. will bring uncertainties to the power supply and demand situation.

In terms of actual national conditions, resource endowments and the energy transformation process of China, coal-fired power remains to be an important support for ensuring national energy security, supply chain security, steady growth, promotion of development, and civil heating before 2030. China vigorously promotes the joint operation of coal-fired power, and the joint operation of coal-fired power and renewable energy, and carries out the "three technical transformations" and professional integration. Meanwhile, China published a series of relief policies, including financial preference, electricity price adjustment, special bonds of energy supply assurance, and the approved increase in the high-quality coal production capacity, quantity assurance, price control and capacity expansion. These policies will help ease the operating pressure on coal-fired power enterprises and improve their operating performance.

(2) Development Strategy of the Group

Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Group has fully implemented the spirit of the 20th National Congress and the Second Plenary Session of the 20th Central Committee of the Communist Party of China and the deployment of the Central Economic Work Conference, and adhered to the principles of seeking progress while maintaining stability, promoting stability through making progress, and breaking old concepts before innovation. In order to achieve the goal of building a strong and large first-class listed energy company as soon as possible, the Group has effectively carried out the activities of Quality Improvement Year for Listed Companies, and coordinated in promoting the work of safety and environmental protection, transformation and development, quality improvement and efficiency increase, and integrated management of internal control and compliance risks, thereby striving to enhance the Group's high-quality development capability and innovative and synergistic service guarantee capability, and continuously improving the Group's image and market reputation.

(3) Operation Plan of the Group in 2024

In 2024, the Group is expected to generate approximately 220 billion KWh of electricity, which is basically the same as that of the previous year, and the utilization hours of power generating units are expected to remain largely stable. According to the actual progress of each project, the Group plans to invest approximately RMB9.7 billion in 2024, which will be used for the construction of power source projects, environmental protection, energy-saving technology transformation and equity investment projects, etc.

In 2024, the Group will focus on the following four aspects:

The Group will continue to deepen its operational supervision, constantly optimize financial control, conduct comprehensive evaluation on its thermal power enterprises in terms of benefit contribution and profitability, conduct in-depth research into operational improvement plans, assist relevant enterprises in improving their business conditions, and promote a substantial increase in the Group's overall benefits. We will strengthen the research on energy industry policies and market situation analysis, supervise the implementation of electricity pricing policies, and carry out market transactions by considering both quantity and price of electricity, so as to continuously consolidate the foundation of profitability. We will strengthen research and policy analysis of the coal market, urge the expansion of coal procurement channels and the optimization of coal procurement structure, and increase the volume of annual long-term coal contracts with price advantages. The Group will continue to strengthen the governance of loss-making enterprises, and achieve "double reduction" in the degree and amount of loss in coal machinery and gas turbine segments. The Group will take various measures to reduce the cost, complete the replacement of loans at high interest rates and reduce financial expenses by means of replacement and early repayment of existing loans.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

We will strengthen the supervision of safety and environmental protection to maintain the good safety and stability situation of the Group. We track and focus on the management of major and important safety hazards in our system, and strive to guarantee safe production and supply of electricity and heat during major national events, important holidays and summer and winter peak seasons, so as to ensure a stable supply of electricity and heat energy. The Group will conduct in-depth research on national environmental protection policies and strengthen environmental protection management, especially for newly commenced projects, and strictly carry out inspection acceptance on their environmental protection and soil & water conservation upon completion to ensure the legality and compliance of new projects. We will continue to strengthen the research on carbon assets and the management of carbon emissions, track and grasp the policies related to carbon emissions, conduct in-depth research into the impact of carbon emission right trading on corporate benefits, strive to analyze and predict the trading price in the carbon market, and continuously improve the management level of carbon assets.

The Group will strengthen strategic management and coordinate the transformation and development of the Group. By considering the policy opportunities and investment returns in various regions, the Group will take the initiative to strengthen the research on project development directions, continuously expand the Group's development potential, and promote the implementation of projects in a coordinated and orderly manner, so as to safeguard the high-quality development of the Company with profitable investments. The Group shall deeply understand the specific requirements raised at the Central Economic Work Conference that "The gradual exit of traditional energy shall be based on the safe and reliable substitution with new energy", conceive the Group's new industry layout in an all-round way, and accelerate the implementation of more high-quality projects. We will strive to initiate the development of our overseas business as soon as possible through equity investment.

The Group will endeavor to enhance market recognition and improve the Group's good image. In accordance with the newly amended Company Law, we will amend the Articles of Association to further improve the modern enterprise system and update our corporate governance mechanism in a timely manner. The Group will continue to improve the operation and management of the "general meeting, the Board and the Supervisory Committee" according to the latest requirements of the regulatory authorities, and promote "double improvement" of both governance quality and management efficiency of the Group. We will pay close attention to market trends, insist on the market-oriented and issue-oriented approach, continuously strengthen our relationship with investors, strengthen interaction with the capital market, and constantly improve our market image and brand value.

(4) Possible Risks and Measures

At present, China's economy shows strong resilience, great potential and abundant vitality, maintains the basic trends of positive recovery and long-term improvement. However, it still suffers the problems of insufficient effective demand, overcapacity in some industries, weak social expectations, etc. Under such influence, the Group's business situation still faces potential risks, with the possible risks mainly including:

Firstly, power market risks. As the proportion of new energy installed capacity in China continues to grow rapidly, the power generation space for thermal power enterprises were further suppressed, which may impose the risk of a decline in power generation capacity to the Group. The formal implementation of the coal-fired power capacity pricing mechanism, and the full launch of spot electricity trading market will bring uncertainties to the Group's operations. As a power generation enterprise using traditional energy and mainly focusing on thermal power installed capacity, the Group is transforming from power generation to power generation and peak regulation. With the deepening of technological transformation and the increase in peak regulation, the utilization hours of power generating units may also suffer the risk of continuous declining.

The Group will actively participate in and serve the construction of a new power market based on the actual national conditions of China such as energy resource endowment, and economic and social development. The Group conduct in-depth study of the relevant policy requirements in relation to accelerating the construction of the power spot market and the establishment of coal-fired capacity tariff mechanism of the National Development and Reform Commission and the National Energy Administration, to promote the implementation of coal-fired on-grid tariff policy and coal-fired capacity tariff mechanism, to strive for gas turbine tariff policy, and to enhance the Group's power generation efficiency. The Group scientifically participate in spot market transactions to ensure that the medium-and long-term traded power capacity is not lower than the installed capacity share of each region, and the traded power price is not lower than the average price of market transactions. The Group carefully study the rules related to auxiliary services and formulate measures to participate in the auxiliary services market and increase the benefits of auxiliary services.

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Secondly, project development risks. With the accelerated construction of the new power system, pumped-storage hydropower projects have entered into a large-scale construction era. As affected by factors such as deep adjustment to the national pumped storage planning, long project site selection and construction period, etc., the planning for some of the Group's pumped storage projects is still subject to great uncertainty, making it difficult to form a scale effect in the short run. New fields such as new energy storage, geothermal energy, hydrogen production and hydrogen utilization have better prospects for development, but factors such as incomplete supporting policies and immature market conditions also constrain their expected pace of development to some extent.

Taking into account the policy opportunities and investment returns in various regions, the Group took the initiative to strengthen the dimensional research on the development of the projects, continuously expand the Group's development space, and promote their implementation in a coordinated and orderly manner, so as to ensure the Group's high-quality development with high-quality investment. We conceive the Group's strategic emerging industry layout in an all-round way, and accelerate the implementation of more high-quality projects.

Thirdly, fuel market risks. The coal supply guarantee policy will be gradually canceled, and the medium and long-term contracts for power generation coal will no longer require full coverage, leading to a decrease in the growth rate of coal supply. Therefore, some of the Group's power generation enterprises may suffer the risk of rising fuel costs due to the decrease in the proportion of long-term coal contracts.

The Group will continue to strengthen the research on coal procurement strategies under the new situation, optimize the ordering structure and coal supply structure, coordinate the control over coal quantity and price, and guarantee the coal supply by category according to the marginal contribution of enterprises, and strive to maximize the overall benefits of the Group. The Group consolidate the supply and demand relationship with traditional high-quality large mines, optimize the procurement and inventory strategy in a timely manner taking into account of the market situation, and stock up seasonal electric coal to ensure stable supply during the summer and winter peak seasons.

Fourthly, safety and environmental protection risks. As affected by the frequent startup and shutdown of units, long periods of peak regulation, distinct peak loads and other operating modes, the Group is currently facing increasing problems in terms of equipment reliability and unit flexibility, as well as severe challenges in terms of safety and environmental protection. The competent authorities in charge of ecological and environmental protection have formulated a harsh environmental protection management system, changed the carbon emission compliance from the previous "two-year compliance" to "one-year compliance" system, and gradually lowered the base value of carbon quota accounting, thus leading to a further increase in the environmental protection pressure and business risks for thermal power enterprises.

The Group will carry out in-depth investigation and management of hidden production safety problems, flood control and "Work Safety Month" activities to continuously strengthen the foundation of work safety. In the face of the decrease in the surplus of carbon emission allowances in 2024, the Group, as a listed conventional energy company with heavy assets in coal and power generation, will plan ahead and make early preparations. The Group will continue to strengthen the research on carbon assets and the management of carbon emissions, track and grasp the policies related to carbon emissions, conduct in-depth research into the impact of carbon emission right trading on corporate benefits, guide power generation enterprises to carry out targeted technological transformation pursuant to the "dual control" requirements on carbon emissions, strive to analyze and predict the trading price in the carbon market, and continuously improve the management level of carbon assets.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of Directors, Supervisors and Senior Management

As at the date of this report, the biographies of the directors of the Company (the "**Director(s)**"), the supervisors of the Company (the "**Supervisor(s)**") and senior management of the Company are as follows:

Directors

Dai Jun (戴軍) Chinese nationality, born in November 1964, a professorate senior engineer. He graduated from Xinjiang Institute of Technology majoring in power system automation with a bachelor's degree in engineering and North China Electric Power University majoring in management engineering with a bachelor's degree in management. Mr. Dai joined the Company in August 2022, and currently serves as the Chairman of the Company and the deputy chief economist of China Huadian Corporation Limited (中國華電集團有限公司). Mr. Dai has successively worked at Xinjiang Manas Power Plant (新疆瑪納斯電廠), Xinjiang Hongyanchi Second Power Generation Co., Ltd. (新疆紅雁池第二發電有限責任公司), China Huadian Corporation Xinjiang Branch (中國華電集團新疆公司), Huadian Xinjiang Power Generation Company Limited (華電新疆發電有限公司), China Huadian Corporation Jiangsu Branch (中國華電集團公司江蘇分公司), China Huadian Corporation Anhui Branch (中國華電集團公司安徽公司) and Huadian Jiangsu Energy Company Limited (華電江蘇能源有限公司). Mr. Dai has over thirty years of working experience in power operation, enterprise management, etc.

Zhao Bing (趙冰), Chinese nationality, born in December 1977, graduated from the Institute of Microelectronics of the Chinese Academy of Sciences with a doctor of engineering degree in microelectronics and solid-state electronics. Mr. Zhao joined the Company in May 2023. He is currently the vice Chairman of the Company, a member of the party committee and deputy general manager of Shandong Development & Investment Holding Group Co., Ltd. Mr. Zhao has successively worked at the Science and Technology and Industrial Development Bureau of Weihai Economic and Technological Development Zone, CPC's Huancui District Committee in Weihai, the Weihai Municipal Party Committee of the Communist Youth League, the Management Committee of Economic and Technological Development Zone in Weihai and the Local Financial Supervision Bureau of Weihai. Mr. Zhao has eighteen years of working experience in administrative management, economy and finance.

Chen Bin (陳斌), Chinese nationality, born in September 1973, graduated from the Hunan University. He holds a doctoral degree in economics. Mr. Chen joined the Company in January 2010 and currently is an executive Director and the General Manager of the Company. Mr. Chen has successively worked at China Electric Power News, State Power Corporation, China Guodian Corporation and Guodian Finance Corporation Ltd. He had served as a supervisor, the General legal Counsel and a deputy General Manager of the Company. Mr. Chen has twenty-seven years of working experience in power business management, law, capital operation, etc.

Zhao Wei (趙偉), Chinese nationality, born in October 1967, is a senior economist and a master of business administration from Peking University. Mr. Zhao joined the Company in March 2024. He is currently a non-executive Director of the Company, a director of Huadian Liaoning Energy Development Co., Ltd. (華電遼寧能源發展股份有限公司), and a director of Huadian Gansu Energy Co., Ltd. (華電甘肅能源有限公司). Mr. Zhao has successively worked for Hebei Electric Power Corporation (河北省電力公司), Hebei Hanfeng Power Plant (河北邯峰發電廠), Hebei Fengyuan Industrial Co., Ltd. (河北峰源實業有限公司), Hebei Electric Power Fuel Corporation (河北電力燃料公司), Hebei Huafeng Investment Co., Ltd. (河北華峰投資有限公司), Hebei Huarui Energy Group Corporation Limited (河北華瑞能源集團股份有限公司), Huadian Power International Corporation Limited Hebei Branch (華電國際電力股份有限公司河北分公司), Huadian Power International Corporation Limited Tianjin Branch (華電國際電力股份有限公司天津分公司), Huadian Power International Corporation Limited Henan Branch (華電國際電力股份有限公司河南分公司), Huadian Power International Corporation Limited Hebei Branch (華電國際電力股份有限公司河北分公司), and China Huadian Corporation Xiong'an Energy Co., Ltd. (中國華電集團雄安能源有限公司). Mr. Zhao has more than thirty years of working experience in the fields of corporate management, power operations, and strategic investment.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Zeng Qinghua (曾慶華), Chinese nationality, born in December 1967, is a professor-level senior engineer. He graduated from Northeast Electric Power College (東北電力學院), majoring in electric power engineering and automation. Mr. Zeng joined the Company in March 2024. He is currently a non-executive Director of the Company, a director of Huadian Liaoning Energy Development Co., Ltd. (華電遼寧能源發展股份有限公司) and a director of Huadian Gansu Energy Co., Ltd. (華電甘肅能源有限公司) Mr. Zeng has successively worked for Jiamusi Power Plant (佳木斯發電廠), Heilongjiang Huadian Jiamusi Power Generation Co., Ltd. (黑龍江華電佳木斯發電有限公司), Guizhou Wujiang Hydropower Development Co., Ltd. (貴州烏江水電開發有限責任公司), Guizhou Huadian Tongzi (Zunyi) Power Generation Co., Ltd. (貴州華電桐梓(遵義)發電有限公司), China Huadian Corporation Limited Guizhou Branch (中國華電集團有限公司貴州公司), China Huadian Corporation Limited Fujian Branch (中國華電集團有限公司福建分公司), and Fujian Huadian Furui Energy Development Co., Ltd. (福建華電福瑞能源發展有限公司). Mr. Zeng has over thirty years of working experience in the fields of corporate management, power engineering, and industrial development.

Cao Min (曹敏), Chinese nationality, born in November 1973, is a professorate senior accountant. She graduated from North China Electric Power University with a master of engineering degree in project management. Ms. Cao joined the Company in May 2023. She is currently a non-executive Director of the Company, the deputy director of the audit department of China Huadian Corporation Limited (中國華電集團有限公司), a supervisor of Huadian New Energy Group Corporation Limited (華電新能源集團股份有限公司), a supervisor of China Huadian Capital Holdings Company Limited (中國華電集團資本控股有限公司) and a supervisor of Xi'an Thermal Power Research Institute Co., Ltd (西安熱工研究院有限公司). Ms. Cao has successively worked in Xinjiang Hongyanchi Second Power Co., Ltd.(新疆紅雁池第二發電有限責任公司), Huadian Xinjiang Power Co., Ltd.(華電新疆發電有限公司), Xinjiang Huadian Kashgar Power (Phase II) Co., Ltd. (新疆華電喀什發電(二期)有限責任公司) and China Huadian Corporation Limited (中國華電集團有限公司). Ms. Cao has twenty-five years of working experience in areas including financial management and audit supervision.

Wang Xiaobo (王曉渤) Chinese nationality, born in March 1968, an economist. He graduated from Shandong University with a bachelor's degree in economics. Mr. Wang joined the Company in October 2018. He currently acts as a non-executive Director of the Company, the chief capital operation expert and the head of the Capital Operation Department of Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司), a chairman of the supervisory committee of Shandong Huapeng Glass Co., Ltd. (山東華鵬玻璃股份有限公司). Mr. Wang has successively worked at Weihai Huancui District Foreign Economic and Trade Commission, Shandong Foreign Investment Service Company, US Pacific Peak Investment Co., Ltd., British CAMCO International Carbon Asset Information Consulting (Beijing) Co., Ltd. and Hualu Holdings Group Company Limited. Mr. Wang has over thirty years of working experience in capital operation, corporate management, etc.

Li Guoming (李國明) Chinese nationality, born in March 1969, a senior accountant. He graduated from Hebei University of Economics and Business with a bachelor's degree in accounting. Mr. Li joined the Company in June 2022, and currently is an executive Director and the chief financial officer of the Company, a director of China Huadian Finance Corporation Limited and a director of Huadian Hubei Power Generation Company Limited. Mr. Li has successively worked at Xibaipo Power Plant (西柏坡發電總廠), Hebei Electric Power Corporation (河北省電力公司), China Huadian Corporation Limited (中國華電集團有限公司) and China Huadian Engineering Corporation (中國華電科工集團有限公司). Mr. Li has over thirty years of working experience in financial management, risk management, power operation, etc.

Feng Zhenping (豐鎮平) Chinese nationality, born in November 1956, holds a doctoral degree in engineering from Xi'an Jiaotong University. Mr. Feng joined the Company in June 2020. He is currently an independent non-executive Director of the Company, a second-tier professor of Xi'an Jiaotong University and the head of Shaanxi Impeller Machinery and Power Equipment Engineering Laboratory. Mr. Feng was a visiting scholar at the Aerospace System Research Institute of the University of Stuttgart in Germany and a DAAD visiting professor at the Aero Propulsion Laboratory of the Technical University of Berlin in Germany. Mr. Feng served in Xi'an Jiaotong University including the head of the Impeller Machinery Research Institute (葉輪機械研究所) of the School of Energy and Power Engineering, the assistant dean of the School of Energy and Power Engineering, the head of the International Cooperation and Exchange Office, the dean of the School of Energy and Power Engineering, and the head of the National Experimental Teaching Demonstration Center in Energy and Power Engineering.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Li Xingchun (李興春) Chinese nationality, born in April 1966, obtained a bachelor's degree in nuclear science from Fudan University, a doctoral degree in financial engineering from the School of Engineering & Management of Nanjing University. Mr. Li joined the Company in June 2020. He currently acts as an independent Director of the Company, chairman and general manager of Leadbank Technology Co., Ltd. (利得科技有限公司), deputy chairman and executive director of Shandong Chenming Paper Holdings Limited, manager of Leadbank Capital Management Co., Ltd. (利得資本管理有限公司), chairman of Shanghai Leadbank Fund Sales Co., Ltd. (上海利得基金銷售有限公司), executive director of Shanghai Leadbank Financial Services Group Co., Ltd. (上海利得金融服務集團有限公司), executive director and manager of Wanzhen (Shandong) Investment Management Co., Ltd. (萬稹(山東)投資管理有限公司), director of Western Leadbank Fund Management Co., Ltd. (西部利得基金管理有限公司), chairman and general manager of Shanghai Leadbank Shanjin Asset Management Co., Ltd (上海利得山金資產管理有限公司), general manager and executive director of Leadbank Asset Management Co., Ltd. (利得資產管理有限公司), general manager and executive director of Leadbank Information Services Co., Ltd. (利得信息服務有限公司), deputy chairman and executive director of Shangdong Chenming Paper Holdings (山東晨鳴紙業集團股份有限公司), chairman and general manager of Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司), chairman of Kunpeng (Shandong) Asset Management Co., Ltd. (昆朋(山東)資產管理有限公司), and deputy chairman of Shanghai New Huangpu Industrial Group Co., Ltd. (上海新黃浦實業集團股份有限公司), chairman of Zhejiang Kingland Pipeline and Technologies Co., Ltd. (浙江金洲管道科技股份有限公司), chairman of Zhejiang Kingland PIPE Industry Co., Ltd. (浙江金洲管道工業有限公司), executive director and general manager of Kingland Smart New Materials (Shanghai) Co., Ltd. (金洲智慧新材料(上海)有限公司). Mr. Li has successively worked at Jiangxi Xinyu Food Union Corporation (江西新餘食品聯合總公司), Jiangxi Xinyu Material Bureau (江西新餘物資局), Ctrip.com (攜程旅行網), Fuyou Securities Co., Ltd. (富友證券有限責任公司), Western Development Holdings Co., Ltd. (西部發展控股有限公司), etc. Mr. Li has over thirty years of working experience in industry, securities, trust, etc.

Wang Yuesheng (王躍生) Chinese nationality, born in July 1960, a professor and doctoral supervisor. He graduated from School of Economics of Peking University, and since then, he has been teaching in Peking University. Mr. Wang joined the Company in June 2021. He currently acts as an independent non-executive Director of the Company, the head of the Department of International Economics and Trade of Peking University, the director of the EU Economic and Strategic Research Center jointly established by Peking University and Bank of China. He also serves as an executive director at China Association of World Economic Research, and China Association of International Economic Relations, member of the Expert Committee of China Council for the Promotion of International Trade. Research interests: New system economics and economic transition issues, economy in transitional countries; enterprise theory, enterprise system and corporate governance; and contemporary international economy and multinational corporations. His research has mainly covered international comparison of economic transition, enterprise theory, international enterprise system and the contemporary international economy in recent years.

Shen Ling (沈翎), Chinese nationality, born in June 1961, is a senior accountant. She graduated from Cheung Kong Graduate School of Business with a master's degree in business administration. Ms. Shen joined the Company in May 2023. She is currently an independent non-executive Director of the Company, an independent director of Beijing Easpring Material Technology Co., Ltd. (北京當升材料科技股份有限公司, stock code: 300073.SZ), an independent director of Chongqing Taiji Industry (Group) Co., Ltd.(重慶太極實業(集團)股份有限公司, stock code: 600129.SH), and an independent director of China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司, stock code:001965.SZ). Ms. Shen has successively worked in China National Metals and Minerals Import and Export Corporation (中國五金礦產進出口總公司), China Minmetals Corporation (中國五礦集團公司) and State Development & Investment Corp., Ltd. (國家開發投資集團有限公司). Ms. Shen has over thirty years of working experience in capital operation and financial management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Supervisors

Liu Shujun (劉書君), Chinese nationality, born in January 1966, is a senior accountant. He graduated from Shandong University of Finance and Economics with a bachelor of economics degree in finance. Mr. Liu joined the Company in May 2023. He is currently the Chairman of the Supervisory Committee of the Company and a senior manager of the finance department of Shandong Development & Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司). Mr. Liu has successively worked in Shandong University of Finance and Economics, Jinan Real Estate Development Corporation (濟南市房地產開發總公司), Shandong Development and Investment Co., Ltd. (山東省發展投資有限公司) and Shandong Silk Road Investment and Development Co., Ltd. (山東省絲路投資發展有限公司). Mr. Liu has over thirty years of working experience in areas such as economy and finance and financial management.

Ma Jing'an (馬敬安) Chinese nationality, born in March 1966, a senior administrative engineer. He graduated from Dalian University of Technology with a master's degree in engineering. Mr. Ma joined the Company in July 2015. He is currently a Supervisor, the secretary of the discipline committee of the Company and chairman of the supervisory committee of Huadian Group Beijing Fuel Logistics Co., Ltd.. Mr. Ma has worked at Fangzi Power Plant, Weifang Power Plant, Huadian Power International Corporation Limited and Shanxi Maohua Energy Investment Company Limited. Mr. Ma has over thirty years of working experience in power enterprise management, coal enterprise operation and construction, and party construction of enterprises.

Tang Xiaoping (唐曉平), Chinese nationality, born in October 1973, is a senior political engineer. He holds a bachelor's degree from Southwest University of Science and Technology. Mr. Tang joined the Company in February 2009. He is currently an employee representative Supervisor and the director of general office (human resources department) of the Company. Mr. Tang has worked at Huadian Qingdao Power Generation Company Limited. Mr. Zhang has twenty-seven years of working experience in in power generation, general management and human resources management.

Senior Management

Qin Jiehai (秦介海) Chinese nationality, born in February 1968, a senior engineer. He graduated from the Department of Power Engineering in Harbin Institute of Technology majoring in thermal power engineering with a master's degree in engineering, and obtained a master of business administration degree from Texas Tech University. Mr. Qin joined the Company in March 2022. Mr. Qin is currently a deputy General Manager, the Secretary to the Board of the Company and Company Secretary, director of Huadian Group Beijing Fuel Logistics Company Limited (華電集團北京燃料物流有限公司) and director of Huadian New Energy Group Corporation Limited (華電新能源集團股份有限公司). Mr. Qin has successively worked at Shandong Electric Power Engineering Consulting Institute, Huadian Power International Corporation Limited and Huadian Fuxin Energy Development Company Limited. Mr. Qin has over thirty years of working experience in strategic investment, power engineering, corporate management, etc.

Wu Yuejie (武日傑) Chinese nationality, born in July 1971, a senior administrative engineer, graduated from North China Institute of Technology majoring in financial management. Mr. Wu joined the Company in December 2020. Mr. Wu is currently a deputy General Manager of the Company, a director of Huadian Property Company Limited, Huadian Group Beijing Fuel Logistics Company Limited and Huadian Jinshajiang Upstream Hydropower Development Company Limited. Mr. Wu has successively worked at Shandong Weifang Power Plant (山東濰坊發電廠), Anhui Suzhou Power Generation Company Limited (安徽宿州發電有限公司), Luohe Power Plant Preparatory Office (漯河電廠籌建處) and China Huadian Corporation Limited. Mr. Wu has thirty years of working experience in power generation and operation, development of power supply projects, human resources management, etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

Gao Mingcheng (高明成), Chinese nationality, born in April 1969, is a senior economist and graduated from North China Institute of Technology (華北工學院) with a major in engineering management. Mr. Gao joined the Company in September 2005. He is currently the General Legal Counsel, Chief Compliance Officer and Director of the Corporate Management and Legal Affairs Department (Audit Department) of the Company. Mr. Gao has successively worked in Shandong Weifang Power Plant (山東濰坊發電廠) and Huadian Power International Corporation Limited (華電國際電力股份有限公司). Mr. Gao has over thirty years of working experience in areas such as enterprise development, securities financing and legal compliance.

Changes in the Biographies of Directors, Supervisors and Senior Management

As of the date of this report, Mr. Chen Bin serves as an executive Director of the Company. Mr. Wang Xiaobo acts as the chief capital operation expert of Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司), and the chairman of the supervisory committee of Shandong Huapeng Glass Co., Ltd. (山東華鵬玻璃股份有限公司). He ceased to serve as a director of Shandong Huapeng Glass Co., Ltd.. Mr. Li Guoming ceased to serve as a director of Otog Front Banner Changcheng Mine Company Limited (鄂托克前旗長城煤礦有限責任公司), Inner Mongolia Fucheng Mining Company Limited (內蒙古福城礦業有限公司), Otog Front Banner Changcheng No.3 Mining Company Limited (鄂托克前旗長城三號礦業有限公司) and Otog Front Banner Changcheng No. 5 Mining Company Limited (鄂托克前旗長城五號礦業有限公司). Mr. Li Xingchun served as the executive director and manager of Wanzhen (Shandong) Investment Management Co., Ltd. (萬稹(山東)投資管理有限公司), chairman of Zhejiang Kingland Pipeline and Technologies Co., Ltd. (浙江金洲管道科技股份有限公司), chairman of Zhejiang Kingland PIPE Industry Co., Ltd. (浙江金洲管道工業有限公司), executive director and general manager of Kingland Smart New Materials (Shanghai) Co., Ltd. (金洲智慧新材料(上海)有限公司), and ceased to serve as the manager and executive director of Wanzhen Investment Management (Beijing) Co., Ltd. (萬稹投資管理(北京)有限公司), general manager of Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司) and a visiting professor of Shanghai Finance University.

As at the date of this report, Mr. Qin Jiehai ceased to serve as the general counsel of the Company. Mr. Wu Yuejie ceased to serve as the vice chairman of CNNP CHD Hebei Nuclear Power Co., Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic Conditions and Electricity Demand

According to the data released by the National Bureau of Statistics, after preliminary calculations, the Gross Domestic Product (GDP) of the year in 2023 amounted to RMB126,058.2 billion, representing an increase of 5.2% compared with the same period of the previous year. According to the data released by the National Energy Administration, power consumption of the entire society totalled 9,224.1 billion KWh in 2023, representing a year-on-year increase of 6.7%, of which the power generated by industrial enterprises above designated size amounted to 8,909.1 billion KWh. With regard to different industries, the consumption by the primary industry accounted for 127.8 billion KWh, representing a year-on-year increase of 11.5%; the consumption by the secondary industry accounted for 6,074.5 billion KWh, representing a year-on-year increase of 6.5%; and the consumption by the tertiary industry accounted for 1,669.4 billion KWh, representing a year-on-year increase of 12.2%; and the consumption by urban and rural residents accounted for 1,352.4 billion KWh, representing a year-on-year increase of 0.9%.

(2) Turnover

In 2023, the turnover of the Group was approximately RMB116,376 million, representing an increase of approximately 9.83% over 2022, mainly due to the increase in coal trading volume.

(3) Major Operating Expenses

In 2023, the operating expenses of the Group amounted to approximately RMB112,275 million, representing an increase of approximately 1.93% over 2022. The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB75,462 million in 2023, representing a decrease of approximately 8.93% over 2022, mainly due to the lower coal prices.

Costs of coal sold of the Group amounted to approximately RMB9,733 million in 2023, representing an increase of approximately 692.75% over 2022, mainly due to the increase in coal trading volume.

Depreciation and amortisation expenses of the Group amounted to approximately RMB10,505 million in 2023, representing an increase of approximately 4.65% over 2022, mainly due to the operation of new projects.

In 2023, the repair, maintenance and inspection expenses of the Group were approximately RMB4,417 million, representing an increase of approximately 13.48% over 2022, mainly due to the operation of new projects.

In 2023, the staff cost of the Group was approximately RMB8,064 million, representing an increase of approximately 12.73% over 2022, mainly due to the combined impact of the increase in employee compensation linked to operating results and the operation of new projects.

In 2023, the administration expenses of the Group were approximately RMB1,808 million, representing a decrease of approximately 32.95% over 2022, mainly due to the decrease in impairment provision for construction in progress in 2023.

(4) Investment Income

Investment income of the Group amounted to approximately RMB18 million in 2023, representing an increase of approximately 105.77% over 2022, mainly due to the gain on disposal of subsidiaries.

(5) Other Revenue

Other revenue of the Group amounted to approximately RMB1,154 million in 2023, representing an increase of approximately 4.46% over 2022, mainly due to the increase in gain on disposal of carbon emissions assets.

(6) Other Net Income

Other net income of the Group amounted to approximately RMB434 million in 2023, representing a decrease of approximately 43.94% over 2022, mainly due to the decrease in sales revenue from by-products of power generation such as coal ash.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(7) Finance Costs

Finance costs of the Group amounted to approximately RMB3,676 million in 2023, representing a decrease of approximately 11.02% over 2022, mainly due to the Group's greater efforts in capital operation and the lower financing cost.

(8) Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB3,759 million in 2023, representing a decrease of approximately 21.64% over 2022, mainly due to the decrease in income from the invested coal enterprises.

(9) Income Tax

In 2023, the income tax of the Group amounted to approximately RMB974 million while income tax credit of the Group amounted to approximately RMB631 million in 2022 (restated), mainly due to the improvement in the Group's operating results.

(10) Pledge and Mortgage of Assets

As at 31 December 2023, the Company's subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB9,936 million (2022: RMB 11,105 million).

As at 31 December 2023, some of the Company's subsidiaries have mortgaged their generating units and relevant equipment to secure loans amounting to approximately RMB2,289 million (2022: RMB: 2,482 million).

(11) Indebtedness

As at 31 December 2023, the total borrowings of the Group amounted to approximately RMB93,532 million, of which borrowings denominated in Euro amounted to approximately EUR6.05 million. The liabilities to assets ratio (representing the total liabilities divided by total assets of the Group as at 31 December 2023) was approximately 62.07%. Borrowings of the Group were mainly of floating interest rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB31,931 million, and long-term borrowings due after one year amounted to approximately RMB61,601 million. The balance of the medium-term notes (including the portion due within one year) and debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) of the Group amounted to approximately RMB23,991 million. The closing balance of lease liabilities of the Group amounted to approximately RMB71 million at the end of the year.

(12) Contingent Liabilities

As of 31 December 2023, the Group did not have material contingent liability.

(13) Provisions

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 31 December 2023, the balance of the Group's provisions amounted to approximately RMB147 million.

(14) Cash Flow Analysis

In 2023, the net cash inflow from operating activities of the Group amounted to approximately RMB9,460 million, and the net cash inflow from operating activities amounted to approximately RMB5,419 million in 2022, mainly due to the improvement in operating results. The net cash outflow used in investing activities amounted to approximately RMB9,294 million, and the net cash outflow used in investing activities amounted to approximately RMB8,509 million in 2022, mainly due to the decrease of disposal of assets. The net cash outflow from financing activities amounted to approximately RMB904 million, and the net cash inflow from financing activities amounted to approximately RMB3,052 million in 2022, mainly due to the repayment of loans.

(15) Exchange Rate Fluctuation Risk and Related Hedging

The Group mainly engages in business that sources income in China, and has a relatively small amount of foreign currency borrowings. Therefore, the exchange rate fluctuation risk is relatively low. Based on the above consideration, the Group did not adopt relevant hedging measures.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "**Year**").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the construction and operation of power plants in China, including large-scale efficient coal-fired and gas-fired generating units and various renewable energy projects. All electricity generated is supplied to the grid companies where the plants are located. In 2023, the Group had strictly complied with relevant laws and regulations and industrial rules that impose significant influence on the operation of the Group. The chief operating decision makers review the Group's revenue and profit as a whole, which is determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in this financial information. The profit of the Group for the year ended 31 December 2023 and the Group's and the Company's financial positions as at that date prepared in accordance with IFRSs are set out on pages 56 to 130 of the annual report.

PROFIT DISTRIBUTION

Pursuant to a resolution passed at the seventh meeting of the tenth session of the Board, the Board proposes to declare a final cash dividend of RMB0.15 per share (tax inclusive, based on the total share capital of 10,227,561,133 shares) for the financial year ended 31 December 2023, totaling approximately RMB1,534,134.17 thousand (tax inclusive).

The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2023 annual general meeting (such date has not been determined but will be published by the Company in due course). The circular of the 2023 annual general meeting of the Company, containing details of the period of the closure and procedures of the register of members, will be published and despatched to shareholders of the Company in due course.

If the above proposal for profit distribution is considered and approved at the upcoming 2023 annual general meeting, the Company expects to distribute such cash dividends on or before 30 August 2024.

As of the date of this report, the Company is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Company's subsidiaries, associates and joint ventures as at 31 December 2023 are set out in notes 45 and 22 respectively to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

BANK LOANS AND OTHER LOANS

Details of bank loans and other loans of the Group and the Company as at 31 December 2023 are set out in note 31 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2023 are set out in note 10 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2023 are set out in note 17 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2023 are set out in the consolidated statement of changes in equity in the consolidated financial statements prepared in accordance with IFRSs and note 38(c) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report, respectively. Distributable reserves attributable to the shareholders amounted to approximately RMB11.562 billion.

DONATIONS

During the year of 2023, the Group made donations for charitable purpose in an aggregate amount of approximately RMB15,146,300 (2022: approximately RMB7,219,200).

TAX REDUCTION AND EXEMPTION

The Company was not aware of any tax reduction and exemption granted to any shareholder by virtue of the securities held in the Company.

ENVIRONMENTAL PROTECTION POLICIES

The Group carries out its social responsibility seriously and puts more emphasis on environmental protection work. In particular, the Group strictly implements the requirements of environmental protection and monitored environmental index, in order to standardize the management of operation and maintenance of environmental facilities, and improve the operation rate and efficiency of environmental protection facilities. By adhering to the principles of safety and reliability, mature technology and cost-effectiveness, the Company continues to optimise and refine technical improvement, makes active arrangement and implementation, so as to ensure the environmental protection and improvement goes as planned and reaches the expected target. Leveraging on the energy efficiency and environmental protection feature of the equipment, the Company has built the red – line awareness of environmental protection and achieved the key indicators for reduction of total emission of pollutants to ensure that the emission meets the requirement and strive to reduce the emission level.

In 2023, the Group continuously strengthened its management and control over the technological improvement of environmental protection, improved the monitoring platform construction of environmental protection and strengthened the real-time online monitoring of environmental protection.

As of the date of this report, all of the 103 coal-fired generating units of the Group met the ultra-low emission requirement.

RELATIONSHIP WITH EMPLOYEES

The Group adheres to the concept of "identify talents through performance, select talents through competition and award talents through remuneration", continuously improves the rules and systems relating to human resources management, safeguards the interests of employees and constantly strengthens the training of talents so as to promote the common sustainable development of employees and enterprises. Meanwhile, the Group also strives to create a vibrant and comfortable working environment for employees so as to work together for the future, build a first-class team, and develop a first-class power generation enterprise.

DIRECTORS' REPORT (CONTINUED)

RETIREMENT PLANS

The Group is required to contribute to the retirement plans operated by the State at 16% of its staffs' salaries, subject to a maximum specified by national or local regulations. After reaching retirement age and handling retirement procedures, a member subscribed to the plan is entitled to receive pension from the State.

In addition, the Group's staff has participated in an enterprise annuity plan managed by the annuity council of China Huadian to supplement the above-mentioned plan. According to the plan, employees are required to pay a certain amount as their personal savings for pension insurance based on their service periods in the Company and its subsidiaries, while the Company and its subsidiaries pay four times as much as the amount of employee contributions. The employees will receive the total contribution of the plan when retiring. The Group's total contribution to these plans amounted to approximately RMB444 million during the year of 2023, which is set out in note 40 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

EMPLOYEES' MEDICAL INSURANCE

During 2023, there was no change in employees' medical insurance policies of the Group as compared with that of 2022. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

SHARE CAPITAL

Details of the share capital of the Company for the year 2023 and as at 31 December 2023 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 38(b) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The Group is committed to maintaining long-term close business cooperation with customers and suppliers, realizing friendly communication and win-win collaboration and establishing bidding and bargaining mechanism to adapt to market changes. For the financial year of 2023, details regarding the percentages of the Group's total sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's Total	
	Sales	Purchases
The largest customer	28.45%	/
The five largest customers combined	57.75%	/
The largest supplier	/	12.15%
The five largest suppliers combined	/	28.49%

The suppliers of the Group are mainly coal supply enterprises. The distribution of the subordinate power generation enterprises of the Group is relatively scattered. Therefore, the distribution of the suppliers is also scattered. The total purchase volume of the Group from the five largest suppliers did not exceed 30%.

None of the Directors, their close associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors of the Company are aware, each of the following persons, not being a Director, Supervisor, chief executive or member of the senior management of the Company, had an interest or short position as at 31 December 2023 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2023, or was a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**")) of the Company as at 31 December 2023.

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue	Capacity
China Huadian	A shares	4,534,199,224 (L)	44.33%	53.28%	–	Beneficial owner
	H shares	85,862,000 (L) Note	0.84%	–	5.00%	Interests in a controlled corporation
Shandong Development Investment Holding Group Co., Ltd.	A shares	664,865,346 (L)	6.50%	7.81%	–	Beneficial owner

(L) = long position

(S) = short position

(P) = lending pool

Note: So far as the Directors of the Company are aware or are given to understand, these 85,862,000 H shares were held directly by a wholly-owned subsidiary of China Huadian, namely, China Huadian Hong Kong Company Limited, through CCASS in the name of HKSCC Nominees Limited.

Save as disclosed above and so far as the Directors are aware, as at 31 December 2023, no other person (other than the Directors, Supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on data that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, Supervisors and senior management of the Company for the financial year ended 31 December 2023 and as of the date of this report. All Directors and Supervisors of the Company are currently serving a term of three years, renewable upon re-election and re-appointment every three years. The consecutive term of office of independent non-executive Directors however shall not exceed six years.

DIRECTORS' REPORT (CONTINUED)

Name	Position in the Company	Changes
Dai Jun	Chairman, Executive Director	Re-elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and re-elected as the Chairman at the first meeting of the tenth session of the Board held on 31 May 2023
Ni Shoumin	Former Vice Chairman, Former Non-executive Director	Resigned on 31 May 2023
Zhao Bing	Vice Chairman, Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023 and Elected as the vice Chairman at the first meeting of the tenth session of the Board held on 31 May 2023
Peng Xingyu	Former Non-executive Director	Resigned on 31 May 2023
Luo Xiaoqian	Former Executive Director	Resigned on 31 May 2023
Chen Bin	Executive Director, General Manager	Appointed as the General Manager of the Company at the thirty-second meeting of the ninth session of the Board held on 2 March 2023 Elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and Re-appointed as the General Manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Zhang Zhiqiang	Former Non-executive Director	Resigned on 26 March 2024
Li Pengyun	Former Non-executive Director	Resigned on 31 May 2023
Li Qiangde	Former Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023 and resigned on 26 March 2024
Zhao Wei	Non-executive Director	Elected as a non-executive Director at the extraordinary general meeting of the Company held on 26 March 2024
Zeng Qinghua	Non-executive Director	Elected as a non-executive Director at the extraordinary general meeting of the Company held on 26 March 2024
Cao Min	Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023
Wang Xiaobo	Non-executive Director	Re-elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2024
Li Guoming	Executive Director, Chief Financial Officer	Re-elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and Re-appointed as the Chief Financial Officer of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Feng Zhenping	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Li Xingchun	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 28 April 2023
Li Menggang	Former Independent Non-executive Director	Resigned on 31 May 2023
Wang Yuesheng	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Shen Ling	Independent Non-executive Director	Elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Chen Wei	Former Chairman of the Supervisory Committee	Resigned on 31 May 2023
Liu Shujun	Chairman of the Supervisory Committee	Elected as a supervisor at the annual general meeting of the Company held on 31 May 2023, and elected as the chairman of the Supervisory Committee at the first meeting of the tenth session of the Board held on 31 May 2023
Ma Jing'an	Supervisor	Re-elected as a supervisor at the annual general meeting of the Company held on 31 May 2023
Zhang Peng	Former Employee Supervisor	Re-elected as an employee supervisor through employee election on 31 May 2023 and Resigned on 3 November 2023
Tang Xiaoping	Employee Supervisor	Elected as an employee supervisor through employee election on 3 November 2023

DIRECTORS' REPORT (CONTINUED)

Name	Position in the Company	Changes
Peng Guoquan	Former Deputy General Manager	Re-appointed as a deputy general manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023 and Resigned on 30 August 2023
Qin Jiehai	Deputy General Manager, Secretary to the Board, Company Secretary, Former General Legal Counsel	Re-appointed as a deputy general manager of the Company, the Secretary to the Board and General Legal Counsel at the first meeting of the tenth session of the Board held on 31 May 2023 and Resigned as the General Legal Counsel on 12 March 2024
Wu Yuejie	Deputy General Manager	Re-appointed as a deputy general manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Gao Mingcheng	General Legal Counsel	Appointed as the General Legal Counsel of the Company at the sixth meeting of the tenth session of the Board held on 26 March 2024

The Directors' and Supervisors' remunerations for the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the incumbent Directors, Supervisors and members of senior management of the Company, including the particulars required under paragraph 12 of Appendix D2 to the Hong Kong Listing Rules (if applicable or appropriate), are set out on pages 13 to 17 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors are independent.

SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE OR MEMBERS OF SENIOR MANAGEMENT

As at 31 December 2023, none of the Directors, Supervisors, chief executive or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such Director, Supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") adopted by the Company (which for this purpose shall be deemed to apply to the Supervisors of the Company to the same extent as it applies to the Directors).

In 2023, the Company has adopted a code of conduct regarding transactions of the Directors and Supervisors in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all Directors and Supervisors, the Company understands that all Directors and Supervisors have complied with the required standards set out in the Model Code.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance or proposed transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or Supervisor or their related entities (as defined in Article 486 of Hong Kong Companies Ordinance) had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

DIRECTORS' INTERESTS IN THE BUSINESS THAT COMPETES WITH THE COMPANY

None of our Directors has any interest in any business that competes or is likely to compete, either directly or indirectly, with the Company.

DIRECTORS' REPORT (CONTINUED)

PERMITTED INDEMNITY PROVISIONS

In 2023, the Company has purchased liability insurance for its Directors, Supervisors and members of senior management to provide appropriate guarantee to the Directors, Supervisors and members of senior management of the Company.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its all Directors and Supervisors. No Director or Supervisor of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

In 2023, there was no management or administration contract in respect of all or substantial part of the Company's business.

SIGNIFICANT EVENTS

1. Appointment of General Manager

On 2 March 2023, at the 32nd meeting of the ninth session of the Board, Mr. Chen Bin was appointed as the general manager of the Company, with the term of office commencing at the end of the 32nd meeting of the ninth session of the Board of the Company held on 2 March 2023 and ending on the expiry date of the term of office for the ninth session of the Board of the Company. For details, please refer to the announcement of the Company dated 2 March 2023.

2. Election of Directors and Supervisors

At the annual general meeting of the Company for the financial year ended 31 December 2022 held on 31 May 2023, Mr. Dai Jun, Mr. Chen Bin and Mr. Li Guoming were elected as Executive Directors of the tenth session of the Board; Mr. Zhao Bing, Mr. Zhang Zhiqiang, Mr. Li Qiangde, Ms. Cao Min and Mr. Wang Xiaobo were elected as Non-executive Directors of the tenth session of the Board; Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling were elected as Independent Non-executive Directors of the tenth session of the Board; and Mr. Liu Shujun and Mr. Ma Jing'an were elected as Supervisors of the tenth session of the Supervisory Committee. On 31 May 2023, the employees of the Company elected Mr. Zhang Peng as the employee representative Supervisor of the tenth session of the Supervisory Committee through democratic procedures in accordance with the laws and regulations of the PRC and the Articles of Association.

On 31 May 2023, due to the expiration of the term of office, Mr. Luo Xiaoqian ceased to be an Executive Director of the Company, Mr. Ni Shoumin, Mr. Peng Xingyu and Mr. Li Pengyun ceased to be Non-executive Directors of the Company, Mr. Li Menggang ceased to be an Independent Non-executive Director of the Company, and Ms. Chen Wei ceased to be a Supervisor of the Company.

For details, please refer to the announcements of the Company dated 28 April 2023 and 31 May 2023 and the circular dated 28 April 2023.

3. Election of Chairman and Vice Chairman, Appointments of Members of Special Committees of the Board, the Chairman of the Supervisory Committee and Appointment of General Manager

At the 1st meeting of the tenth session of the Board held on 31 May 2023, Mr. Dai Jun and Mr. Zhao Bing were elected as the Chairman and the Vice Chairman of the Company respectively, and the following members of the Board were appointed as members of respective special committees of the Board:

Strategic Committee: Dai Jun (chairman), Zhao Bing, Li Guoming, Li Qiangde and Feng Zhenping

Audit Committee: Shen Ling (chairman), Cao Min, Wang Xiaobo, Li Xingchun and Wang Yuesheng

Remuneration and Appraisal Committee: Wang Yuesheng (chairman), Zhang Zhiqiang, Wang Xiaobo, Li Xingchun and Shen Ling

Nomination Committee: Feng Zhenping (chairman), Chen Bin, Wang Xiaobo, Li Xingchun and Wang Yuesheng

In addition, Mr. Chen Bin was appointed as the general manager of the Company.

At the 1st meeting of the tenth session of the Supervisory Committee of the Company held on 31 May 2023, Mr. Liu Shujun was elected as the Chairman of the Supervisory Committee.

For details, please refer to the announcement of the Company dated 31 May 2023.

4. Change of Auditors

As at 29 March 2023, the 33rd meeting of the ninth session of the Board resolved to propose the appointment of ShineWing Certified Public Accountants (Special General Partnership) ("**ShineWing**") as the domestic auditor (internal control auditor) and SHINEWING (HK) CPA Limited ("**SHINEWING (HK)**") as the overseas auditor of the Company for 2023 to replace Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited respectively. It was considered and approved at the annual general meeting on 31 May 2023. The respective term of service of ShineWing and SHINEWING (HK) has commenced from the date of the approval at the 2022 annual general meeting up to the date of the 2023 annual general meeting of the Company.

For details, please refer to the announcements of the Company dated 29 March 2023, 31 May 2023 and the circular dated 28 April 2023.

5. Results of the Conversion of Convertible Bonds and Change in Shares

As of 1 June 2023, all "Huadian Dingzhuan (華電定轉)" have been converted into unrestricted outstanding shares of the Company, a total of 14,701,590 "Huadian Dingzhuan" convertible bonds (RMB1,470,159,000) have been converted into unrestricted outstanding shares of the Company, and the cumulative number of converted shares is 357,702,918 shares, accounting for 3.62% of the total number of shares issued prior to the date of commencement of the conversion period of the Company. The source of the converted shares were new shares, and the total share capital of the Company after the conversion was 10,227,561,133 shares. "Huadian Dingzhuan" has been delisted from the Shanghai Stock Exchange since 8 June 2023.

For details, please refer to the announcement of the Company dated 1 June 2023.

6. Amendments to the Articles of Association and its Appendices

In order to make the Articles of Association conform to the relevant regulatory requirements of the listing places (the core shareholder protection standards set out in Appendix A1 to the Hong Kong Listing Rules) and in light of the conversion of "Huadian Dingzhuan" convertible corporate bonds issued by the Company as of 31 March 2023 and the Constitution of the Communist Party of China, the Board of the Company proposed to amend the relevant articles in the Articles of Association and its appendices. The amended Articles of Association has taken effect on the approval of the Shareholders at the 2022 AGM.

On 14 February 2023, the State Council of the PRC issued the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents" (《國務院關於廢止部分行政法規和文件的決定》), and on 17 February 2023, the China Securities Regulatory Commission issued the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises" (《境內企業境外發行證券和上市管理試行辦法》) and relevant guidance (collectively, the "**New Regulations**"), which came into effect on 31 March 2023. On the same day when the New Regulations became effective, the "Mandatory Provisions for Articles of Association of Companies Listed Overseas" (《到境外上市公司章程必備條款》) and the "State Council's Special Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies" (《國務院關於股份有限公司境外募集股份及上市的特別規定》) were repealed. Holders of A shares and H shares are no longer regarded as different classes of shareholders, and therefore, the class meeting requirement applicable to holders of A shares and H shares are no longer necessary. In light of the above, the Hong Kong Stock Exchange has adopted certain consequential amendments to the Hong Kong Listing Rules, which became effective on 1 August 2023. Accordingly, the Board of the Company proposed to amend the relevant articles in the Articles of Association and its appendix (as part of the Articles of Association). The amended Articles of Association has taken effect on the approval of the Shareholders at the extraordinary general meeting and the class meetings by way of special resolutions.

For details, please refer to the announcements of the Company dated 28 April 2023, 31 May 2023, 30 October 2023 and 30 November 2023 and the circulars dated 28 April 2023 and 14 November 2023.

DIRECTORS' REPORT (CONTINUED)

7. Change of the Employee Representative Supervisor

On 3 November 2023, the employees of the Company elected Mr. Tang Xiaoping as the employee representative Supervisor of the tenth session of the Supervisory Committee through democratic procedures in accordance with the laws and regulations of the PRC and the Articles of Association, and his term of office will expire upon the expiry of the tenth session of the Supervisory Committee.

On 3 November 2023, Mr. Zhang Peng ceased to be the employee representative Supervisor of the tenth session of the Supervisory Committee of the Company, due to work adjustment.

For details, please refer to the announcement of the Company dated 3 November 2023.

SUBSEQUENT EVENTS

1. Change of Non-executive Directors

Mr. Zhang Zhiqiang tendered his resignation as a Non-executive Director and a member of the Remuneration and Appraisal Committee of the Company due to reaching the retirement age. Mr. Li Qiangde also tendered his resignation as a Non-executive Director and a member of the Strategic Committee of the Company due to reaching the retirement age. The resignations of Mr. Zhang Zhiqiang and Mr. Li Qiangde have become effective upon the approval for the appointment of new directors by the shareholders of the Company on 26 March 2024.

The first extraordinary general meeting of 2024 of the Company was held on 26 March 2024, and Mr. Zhao Wei and Mr. Zeng Qinghua were elected as the Non-executive Directors of the tenth session of the Board of the Company for a term commencing from the conclusion of the extraordinary general meeting and ending at the expiry of the term of the tenth session of the Board. Mr. Zhao Wei and Mr. Zeng Qinghua have obtained the legal advice set out in Rule 3.09D of the Hong Kong Listing Rules on 19 March 2024 and they confirmed that they have understood their responsibilities as directors of the Company.

On 26 March 2024, Mr. Zhao Wei was elected as a member of the Strategic Committee and Mr. Zeng Qinghua was elected as a member of the Remuneration and Appraisal Committee at the sixth meeting of the tenth session of the Board.

For details, please see the announcements of the Company dated 29 February 2024 and 26 March 2024 and the circular dated 29 February 2024.

CONNECTED TRANSACTIONS

Pursuant to requirements of the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2023 are as follows:

CONNECTED TRANSACTION

1. Leasing Agreement with Beijing Huabin Property Management Company Limited ("Beijing Huabin")

On 7 December 2020, the Company entered into a Lease Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, pursuant to which, during the three years from 1 January 2021 to 31 December 2023, the Group leased certain properties of Huadian Tower from Beijing Huabin, and the annual rental was approximately RMB42.64 million.

On 30 August 2023, the Company entered into the Huadian Tower Building B Property Leasing Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, pursuant to which, during the two years from 1 January 2024 to 31 December 2025, the Group leased certain properties of Huadian Tower from Beijing Huabin, and the annual rental is approximately RMB48.45 million.

Beijing Huabin is a subsidiary of China Huadian, the controlling shareholder of the Company. As such, according to the Hong Kong Listing Rules, Beijing Huabin is an associate of China Huadian and thus a connected person of the Company. The transaction under the Leasing Agreement constituted a connected transaction of the Company under the Hong Kong Listing Rules. Pursuant to IFRS 16, the properties leased under the Leasing Agreement were recognized as right-of-use assets with the aggregate consideration of approximately RMB88.78 million. As the highest applicable percentage ratio in respect of the value of the right-of-use asset recognized by the Company in connection with the Leasing Agreement exceeds 0.1% but is lower than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement. Considering the long-term relationship between the Group and Beijing Huabin, the Company considers that it is beneficial to continue to enter into the Leasing Agreement with Beijing Huabin as such transactions have provided the Group with a good working environment and will continue to facilitate the operation and growth of the Group's businesses.

For details, please see the announcement of the Company dated 30 August 2023.

CONTINUING CONNECTED TRANSACTIONS

1. Fuel, Equipment and Services Purchase (Supply) Framework Agreement with China Huadian

On 11 September 2020, the Company and China Huadian entered into the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, to specify the purchase of fuel by the Group from China Huadian, the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian to the Group, and the sale of fuel and the provision of relevant services to China Huadian by the Group. The term of the Fuel, Equipment and Services Purchase (Supply) Framework Agreement commenced on 1 January 2021 and expired on 31 December 2023. Pursuant to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, the annual cap for the purchase of fuel by the Group from China Huadian is RMB8,000 million, the annual cap for the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian is RMB8,000 million and the annual cap for the sale of fuel and the provision of relevant services to China Huadian by the Group is RMB13,000 million.

On 26 October 2021, the Company and China Huadian signed the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement. Under the Supplementary Agreement, the annual cap for the continuing connected transactions involving the purchase of fuel for the period from 2021 to 2023 is changed from RMB8,000 million to RMB14,000 million, and other terms remain unchanged. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement between the Company and China Huadian, and the resolution was approved and became effective at the extraordinary general meeting.

In addition, on 11 September 2023, the Company and China Huadian entered into the Purchase (Supply) of Fuel, Equipment and Services Framework Agreement to renew the original Fuel, Equipment and Services Purchase (Supply) Framework Agreement with a term of three years from 1 January 2024 to 31 December 2026. The annual cap for the purchase of fuel by the Group from China Huadian is RMB18,000 million, the annual cap for the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian is RMB8,000 million and the annual cap for the sale of fuel and the provision of relevant services to China Huadian by the Group is RMB13,000 million.

China Huadian is the controlling shareholder of the Company and therefore is a connected person of the Company. Therefore, the transactions contemplated under the Fuel, Equipment and Services Purchase (Supply) Framework Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratios in respect of the transactions under the agreement exceed 5%, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In 2023, the actual amount of purchase of fuel by the Group from China Huadian was approximately RMB13,106 million; the actual amount of procurement of engineering equipment and services from China Huadian by the Group was approximately RMB2,185 million, and the actual amount of the provision of services and the sale of fuel to China Huadian by the Group was approximately RMB10,764 million, neither of which exceeded the annual cap for the transactions.

For details, please see the announcements of the Company dated 11 September 2020, 28 October 2020, 26 October 2021, 14 December 2021, 30 August 2023 and 11 September 2023 and the circulars dated 9 October 2020 and 24 November 2021.

2. Financial Services Framework Agreement with China Huadian Finance Corporation Limited ("Huadian Finance")

On 26 October 2021, the Company and Huadian Finance signed and renewed the Financial Services Framework Agreement, pursuant to which, Huadian Finance shall provide deposit services, loan services, settlement services and other financial services to the Group. The term of the renewed Financial Services Framework Agreement is from 1 January 2022 to 31 December 2024. The daily balance of the deposits for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Financial Services Framework Agreement shall not exceed RMB9,000 million or the daily financing balance from Huadian Finance to the Group. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Financial Services Framework Agreement between the Company and Huadian Finance, and the resolution was approved and became effective at the extraordinary general meeting.

DIRECTORS' REPORT (CONTINUED)

Huadian Finance is 46.85% owned by China Huadian, which is a controlling shareholder of the Company. Therefore, Huadian Finance is an associate of China Huadian and a connected person of the Company under the Hong Kong Listing Rules.

With regard to deposit services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios in relation to the maximum daily balance of the deposits of the deposit services under the Financial Services Framework Agreement, i.e. RMB9,000 million, exceed 5% but are less than 25%, the transaction involving the provision of deposit services to the Group by Huadian Finance constitutes a discloseable transaction and non-exempt continuing connected transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 and the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The independent shareholders have approved the transaction and relevant annual caps.

With regard to settlement services and other financial services under the Financial Services Framework Agreement, since the amount of the settlement services and other financial services under the Financial Services Framework Agreement will continue to be very small, they fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, thus such transactions are fully exempt continuing connected transactions under the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with relevant requirements under the Hong Kong Listing Rules as and when required.

In respect of the provision of loan services under the Financial Services Framework Agreement, since the fees charged by Huadian Finance for the services provided to the Group are not higher than those charged by other commercial banks and financial institutions in the PRC for the same services, the transactions involving the provision of financial assistance by Huadian Finance to the Group are on normal commercial terms or better to the Group, and no security over the Group's assets is granted in respect of the financial assistance. Such loans are fully exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules.

In 2023, the maximum daily balance of the deposits placed by the Group with Huadian Finance was RMB8,716 million, which did not exceed RMB9,000 million or the daily loan balance from Huadian Finance to the Group.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

3. Coal Purchase Framework Agreement with Yankuang Energy Group Company Limited ("Yankuang Energy")

On 28 October 2022, the Company entered into the Coal Purchase Framework Agreement with Yankuang Energy for the period from 1 January 2023 to 31 December 2025, pursuant to which, the maximum amount of purchase of coal by the Group from Yankuang Energy each year was RMB8,000 million. The thirty-first meeting of the ninth session of the Board of Directors for 2022 held on 28 October 2022 considered the Coal Purchase Framework Agreement between Huadian Power International Corporation Limited and Yankuang Energy Group Company Limited renewed by the Company and Yankuang Energy. The resolution was considered, approved and came into effect at the Board meeting.

As Yankuang Energy is a major shareholder of a non-wholly-owned subsidiary of the Company, it is a connected person of the Company at the subsidiary level pursuant to the Hong Kong Listing Rules. As the Directors approved the transactions under the proposed Coal Purchase Framework Agreement, and the independent non-executive Directors confirmed that the terms of such transactions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated under the agreement were exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the long-term relationship between the Group and Yankuang Energy, the Company believes that it is beneficial to renew the proposed Coal Purchase Framework Agreement, as the transactions promote the growth of the Group's main business, provide a good working environment for the Group, and will continue to promote the business operation and growth of the Group.

In 2023, the actual amount of purchase of coal by the Group from Yankuang Energy was approximately RMB2,827 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcement of the Company dated 28 October 2022.

4. Coal Purchase Framework Agreement with Shaanxi Coal Selling and Transportation (Group) Corporation ("Shaanxi Coal Transportation")

On 7 December 2020, the Company entered into a 3-year Coal Purchase Framework Agreement with Shaanxi Coal Transportation, pursuant to which, the annual cap for the Company's coal purchase from Shaanxi Coal Transportation is RMB3,500 million for the period from 1 January 2021 to 31 December 2023.

Shaanxi Coal Transportation is a subsidiary of Shaanxi Coal and Chemical Group Industry Group Co., Ltd. ("**Shaanxi Coal and Chemical Group**") (which is a substantial shareholder of a subsidiary of the Company) and thus a connected person of the Company at the subsidiary level under the Hong Kong Listing Rules. The connected transactions under the Coal Purchase Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As the Board has approved the transactions under the Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In 2023, the actual amount of purchase of coal by the Group from Shaanxi Coal Transportation was approximately RMB1,001 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcement of the Company dated 7 December 2020.

5. Finance Lease Framework Agreement with Huadian Financial Leasing Company Limited ("Huadian Financial Leasing")

A. Renewal of the Finance Lease Framework Agreement

On 29 March 2023, the Company entered into the Finance Lease Service Framework Agreement with Huadian Financial Leasing to renew the original Finance Lease Framework Agreement with a term from 1 July 2023 to 30 June 2024. The financing balance obtained by the Group through finance lease from Huadian Financial Leasing shall not exceed RMB6.0 billion. For the purpose of the Hong Kong Listing Rules, the direct lease constitutes "acquisition", while the sale and leaseback constitutes "disposal". The annual caps for the total value of the right-of-use assets involved in direct leases and the amounts of the assets involved in sale and leaseback for the year ended 30 June 2024 are set at RMB1,500 million and RMB500 million, respectively.

On 30 August 2023, the Company re-entered into the Finance Lease Service Framework Agreement with Huadian Financial Leasing with a term from 1 January 2024 to 31 December 2026 with no change in the annual caps on the amount of each type of transaction. On the date of the commencement of the agreement period, the Finance Lease Framework Agreement entered into on 29 March 2023 automatically terminated.

Huadian Financial Leasing is a subsidiary of China Huadian, the controlling shareholder of the Company, and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Finance Lease Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As one or more of the percentage ratios in respect of the transactions under the Finance Lease Framework Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. However, such transactions are subject to the approval by the independent shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**Shanghai Listing Rules**"). The transactions have been approved by the independent shareholders.

For details, please see the announcements of the Company dated 29 March 2023 and 30 August 2023.

DIRECTORS' REPORT (CONTINUED)

B. Continuing Connected Transactions in 2023

On 8 May 2020, the Company entered into the Finance Lease Framework Agreement with Huadian Financial Leasing with a term of three years from 1 July 2020 to 30 June 2023, pursuant to which, Huadian Financial Leasing agreed to provide the Group with finance lease services, including direct lease and sale and leaseback services. The maximum financing balance obtained by the Group from Huadian Financial Leasing for the three financial years ending 30 June 2023 shall be capped at RMB6.0 billion. The annual caps for each of the direct lease and the sale and leaseback services shall be RMB1,500 million and RMB500 million, respectively.

In 2023, the maximum financing balance obtained by the Group from Huadian Financial Leasing was RMB1,049 million, of which the total value of the right-of-use assets involved in direct lease actually incurred were RMB298 million and the actual incurred amount of sale and leaseback services were RMB150 million respectively for the period from 1 July 2022 to 30 June 2023, and the total value of the right-of-use assets involved in direct lease actually incurred were RMB144 million and the actual incurred amount of sale and leaseback services were RMB150 million respectively for the period from 1 July 2023 to 31 December 2023, neither of which exceeded the caps as agreed in the agreement and satisfied the relevant provisions in the agreement.

For details, please see the announcements of the Company dated 8 May 2020 and 30 June 2020, and the circular dated 15 May 2020.

6. Commercial Factoring Services Framework Agreement with Huadian Commercial Factoring (Tianjin) Co., Ltd. ("Huadian Factoring")

On 26 October 2021, the Company and Huadian Factoring signed and renewed the Commercial Factoring Services Framework Agreement, pursuant to which, Huadian Factoring shall provide factoring business services to the Company and its subsidiaries. The term of the renewed Commercial Factoring Services Framework Agreement is from 1 January 2022 to 31 December 2024. The annual cap for commercial factoring business for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Commercial Factoring Services Framework Agreement shall not exceed RMB7,500 million. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Commercial Factoring Services Framework Agreement between the Company and Huadian Factoring, and the resolution was approved and became effective at the extraordinary general meeting.

China Huadian is a controlling shareholder of the Company and holds directly and indirectly approximately 46.81% of the total issued share capital of the Company. Huadian Factoring is a wholly-owned subsidiary of China Huadian and therefore is a connected person of the Company. Therefore, the execution of the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5% but are less than 25%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute discloseable transaction pursuant to Chapter 14 of the Hong Kong Listing Rules, and are subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

In 2023, the scale of the factoring business between the Group and Huadian Factoring was RMB4,142 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

The Company has engaged external auditors to report on the Group's aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have submitted an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

The auditors of the Company confirmed that these continuing connected transactions:

(1) had been approved by the Board of the Company and/or on general meetings;

(2) were carried out on the price policies of the Company, if the transactions are related to the provision of goods or services by the Company;

(3) were carried out under relevant agreements of these transactions; and

(4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

(1) these transactions were entered into in the ordinary and usual course of the business of the Group;

(2) these transactions were under normal commercial terms or more favourable terms; and

(3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

In respect of the Company's material related party transactions set out in note 39 to the consolidated financial statements prepared in accordance with IFRSs, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company under the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material related party transactions of Company set out in note 39 to the consolidated financial statements prepared in accordance with IFRSs do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

ISSUE OF DEBENTURES

In 2023, in order to meet its operational needs, the Group has successfully issued one tranches of super & short-term commercial papers at a par value of RMB2 billion and the interest rate was 2.00% per annum. For details, please see note 31(f) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

ISSUE OF EQUITY FINANCING INSTRUMENTS

In 2023, in order to meet its operational needs, the Company has successfully issued ten tranches of perpetual capital securities at a total par value of RMB19.5 billion. For details, please see note 38(e) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix D2 to the Hong Kong Listing Rules).

DIRECTORS' REPORT (CONTINUED)

FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2023 prepared in accordance with IFRSs are set out on page 131. The Company is not aware of any matter taking place in the year ended 31 December 2023 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

BUSINESS REVIEW AND OUTLOOK

Description of the fair review of the Group's business, potential risks and countermeasures of the Group, material factors related to the performance and finance of the Group and the future development of the Group's business are set out in the sections headed "Business Review and Outlook" and "Management Discussion and Analysis" of this report.

MATERIAL LITIGATION

As of 31 December 2023, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid cases will have no material adverse effect on the financial position and operating results of the Group.

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2023, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material overdue time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2023 and the financial statements prepared under IFRSs for the financial year ended 31 December 2023.

AUDITORS

At the annual general meeting held on 30 June 2021, the Company changed the domestic auditor from BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) to Baker Tilly China Certified Public Accountants (Special General Partnership) and changed the international auditor from BDO Limited to Baker Tilly Hong Kong Limited. The respective term of service of Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited commences from the approval date of the 2020 annual general meeting up to the date of 2021 annual general meeting of the Company.

At the annual general meeting on 29 June 2022, the Company re-appointed Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited, with a term of office from the date of approval by the 2021 annual general meeting to the date of conclusion of the 2022 annual general meeting, respectively.

At the annual general meeting held on 31 May 2023, the Company changed the domestic auditor from Baker Tilly China Certified Public Accountants (Special General Partnership) to ShineWing Certified Public Accountants (Special General Partnership), and changed the international auditor from Baker Tilly Hong Kong Limited to SHINEWING (HK) CPA Limited. The respective term of service of ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited commences from the approval date of the 2022 annual general meeting up to the date of the 2023 annual general meeting.

Apart from these, there have been no other changes of auditors in the past three years.

By Order of the Board
Dai Jun
Chairman

Beijing, the PRC
27 March 2024

CORPORATE GOVERNANCE REPORT

The Company has always attached great importance to the corporate governance and continuously promoted management innovation. In strict compliance with the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China, the Shanghai Listing Rules, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved its corporate governance structure, enhanced the level of its governance and endeavoured to achieve a harmonious development between the Company's growth and the interest of its shareholders.

The codes on corporate governance of the Company include, but not limited to, the following documents:

1. Articles of Association;

2. Rules of Procedures for General Meetings of Shareholders, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee of the Company (as a part of the current Articles of Association);

3. Terms of Reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Committee of the Board of the Company;

4. Working Requirements for Independent Directors;

5. Working Requirements for Secretary to the Board;

6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;

8. the Company's Management Methods on Raised Proceeds;

9. the Company's Management Methods on External Guarantees;

10. the Company's Management Rules on Information Disclosure;

CORPORATE GOVERNANCE REPORT (CONTINUED)

11. Management Rules on Investor Relations;

12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;

13. Code on Trading in Securities of the Company by Employees of the Company;

14. Management Methods for Affairs of the Board of Directors;

15. Working Rules on Annual Report for the Audit Committee of the Board;

16. Working Rules on Annual Report for Independent Directors;

17. Management Rules on Connected Transactions; and

18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance in order to achieve a prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company in 2023 has met the requirements under the code provisions in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the CG Code, the particulars of which are as follows:

– The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited* by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited* by Employees, which are on terms no less exacting than those set out in the Model Code set out in Appendix C3 to the Hong Kong Listing Rules.

– In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and stipulated the Terms of Reference of the Strategic Committee.

– In the financial year of 2023, a total of seven Board meetings were held by the Company.

– The Audit Committee comprises five members, including two Non-executive Directors and three independent Non-executive Directors.

THE BOARD OF DIRECTORS

As an efficient leader of the Company, the Board is responsible for the leadership and supervision of the Company.

Directors as a whole are responsible for advancing activities of the Company through commanding and monitoring. We are of the opinion that all Directors can act on an objective basis and make decisions in the interest of the Company.

As at 31 December 2023, members of the Board are set out below:

Name	Position in the Company
Dai Jun	Chairman, Executive Director
Zhao Bing	Vice Chairman, Non-executive Director
Chen Bin	Executive Director, General Manager
Zhang Zhiqiang	Non-executive Director
Li Qiangde	Non-executive Director
Cao Min	Non-executive Director
Wang Xiaobo	Non-executive Director
Li Guoming	Executive Director, Chief Financial Officer
Feng Zhenping	Independent Non-executive Director
Li Xingchun	Independent Non-executive Director
Wang Yuesheng	Independent Non-executive Director
Shen Ling	Independent Non-executive Director

CORPORATE GOVERNANCE REPORT (CONTINUED)

The biographical information of the Directors is detailed in the section headed "Directors, Supervisors and Senior Management" in this annual report. No Directors have any personal relationships (including material/relevant relationships in terms of finance, business, family or otherwise) with any other Directors or chief executive of the Company. Directors (including non-executive Directors) of each session serve a term of three years, renewable upon re-election and reappointment. The term of office for independent non-executive Directors is renewable with a limit of six years. A Director who is elected for the first time shall report to the Board his/her position as director or other roles in other companies or entities upon his/her election, and such reporting of relevant interests is updated annually. In the event that the Board considers that a conflict of interest exists for a Director or any of his/her associates when considering any resolution, such Director shall report such interest and abstain from voting.

The independent non-executive Directors of the Company have submitted written confirmation of their independence as required by Rule 3.13 of the Hong Kong Listing Rules. The independent non-executive Directors of the Company have extensive expertise and experience. Among the nine non-executive Directors, four of them (representing no less than one-third of all Directors) are independent non-executive Directors. Among them, Director Shen Ling is an accounting professional, who plays an important role of check and balance and safeguards the interests of the shareholders and the Company as a whole. The Board is of the opinion that all independent non-executive Directors are able to deliver effective independent judgments under the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are independent in accordance with such guidelines.

To ensure compliance with the Board procedures and all applicable rules, each Director has access to advice and services of the Secretary to the Board. Directors are encouraged to enroll in comprehensive professional development courses and seminars relating to the Hong Kong Listing Rules, the Companies Ordinance/laws and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

The Directors of the Company received the following trainings with an emphasis related to the roles, functions and duties of a director of a listed company during the year ended 31 December 2023:

Name	Trainings *(Note 1)*
Dai Jun	A, B
Ni Shoumin *(Note 2)*	A
Zhao Bing	A, B
Peng Xingyu *(Note 2)*	A
Luo Xiaoqian *(Note 2)*	A
Chen Bin	A, B
Zhang Zhiqiang	A
Li Pengyun *(Note 2)*	A
Li Qiangde	A
Cao Min	A, B
Wang Xiaobo	A, B
Li Guoming	A, B
Feng Zhenping	A, B
Li Xingchun	A, B
Li Menggang *(Note 2)*	A
Wang Yuesheng	A, B
Shen Ling	A, B

Note 1:

A: Read relevant listing rules, the general business or responsibilities of the directors and other relevant training materials and updates
B: Attend seminars and/or lectures

Note 2:

Mr. Ni Shoumin, Mr. Peng Xingyu, Mr. Luo Xiaoqian, Mr. Li Pengyun and Mr. Li Menggang ceased to be the Director of the Company with effect from 31 May 2023.

The current Company Secretaries have taken no less than 15 hours of relevant professional training for the year ended 31 December 2023.

CORPORATE GOVERNANCE REPORT (CONTINUED)

CHAIRMAN AND GENERAL MANAGER

To improve independence, accountability and responsibility, the positions of the Chairman and General Manager of the Company are assumed by different individuals. During the reporting period, the position of Chairman was served by Mr. Dai Jun (served as the Chairman since 26 August 2022), the position of General Manager was served by Mr. Chen Bin (served as the General Manager since 2 March 2023). As the legal representative of the Company, the Chairman presides over the Board, aiming to ensure that the Board acts in the best interest of the Company, operates effectively, duly fulfils its responsibilities and engages in discussion of important and appropriate matters, and to ensure Directors' access to accurate, timely and clear data. The Chairman appoints the Secretary to the Board to arrange for agenda of every Board meeting and consider any matter proposed by other Directors to be included in the agenda, thus ensuring that all Directors are properly briefed regarding matters discussed at the Board meeting and have the access to adequate and reliable data in due time. The Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors.

The General Manager heads the management to take charge of daily operation of the Company. With the cooperation from other executive Directors and management team of each business department, the General Manager manages the business of the Company, including implementation of policies adopted by the Board and reporting to the Board in respect of the overall operation of the Company.

THE MANAGEMENT

The Board and the management work separately and cooperate with each other in accordance with relevant requirements of the Company Law, the Articles of Association and the Working Rules for General Manager of the Company. The duties and responsibilities of the management include, but are not limited to, the following matters:

(1) to preside over the production, operation and management of the Company, and to implement resolutions of the Board;

(2) to formulate development plans, annual production and operation plans, annual financial budget and final account scheme, profit (after tax) distribution plan and loss recovery plan of the Company;

(3) to implement the Company's annual business plans and investment schemes;

(4) to formulate the scheme of the Company's internal management structure;

(5) to formulate the Company's basic management system;

(6) to formulate the Company's detailed regulations;

(7) to determine remuneration, welfare, bonus and penalties of employees of the Company and to determine appointment or dismissal of them;

(8) to handle significant business on behalf of the Company; and

(9) to exercise other powers within the authorisation of Articles of Association and the Board.

BOARD MEETINGS

The Board shall convene at least four meetings annually, approximately one in each quarter. The Chairman of the Board should convene the Board meetings, ensure the Board's effective discharge of its duties, schedule agenda of Board meetings and consider matters proposed by other Directors to be included in the agenda. The Board has arrangements in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular Board meetings. 14 days' notice shall be given prior to the commencement of a regular meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within 10 days in any of the following cases:

(1) when proposed by the shareholders representing more than 10% voting rights;

(2) when deemed as necessary by the Chairman of the Board;

(3) when proposed jointly by more than one-third of the Directors;

(4) when proposed jointly by more than one-half of the independent Directors;

(5) when proposed by the Supervisory Committee; and

(6) when proposed by the General Manager.

Notice of Board meetings and extraordinary Board meetings should be served on all Directors, either by facsimile, express mail, registered air mail, by hand or email.

CORPORATE GOVERNANCE REPORT (CONTINUED)

If the time and venue for a regular meeting have been previously determined by the Board, no notice is necessary. Otherwise, the Chairman of the Board or relevant proposer shall inform the Secretary to the Board of the proposal and agenda of the meeting in writing, and the Secretary to the Board shall then dispatch a notice containing time, venue and agenda of the Board meeting to the Directors 10 days prior to the date of the meeting. However, each Director may waive his/her right for being served with the notice of the Board meeting prior or subsequent to the dispatch of the notice. The Secretary to the Board should also send a copy of the above-mentioned notice of the Board meeting to the Chairman of the Supervisory Committee prior to the meeting.

Each Director has one vote. The Board's resolutions shall be passed by a simple or two-thirds majority of the Directors in accordance with the provisions of relevant laws, regulations and the Articles of Association of the Company. A Director shall attend Board meetings in person. Regular or extraordinary Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. So long as the participating Directors can hear and communicate effectively with each other, all participating Directors are deemed as if they had participated in the meeting in person.

A Director shall appoint, in writing, another Director to attend the meeting on his/her behalf in case of unavailability of attendance. The scope of authorisation shall be specified in the authorisation letter. The Director attending the meeting on behalf of the entrusting Director shall only exercise the rights within the authorisation letter. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, such Director shall be deemed to have waived his/her voting rights at such meeting.

The Secretary to the Board shall prepare detailed minutes for the matters put to the Board meeting for consideration and resolutions passed, including any reserved or dissenting opinion expressed by the Directors. Within a reasonable period of time following the conclusion of the Board meeting, the Secretary to the Board shall dispatch to all Directors the draft and final minutes of Board meetings at which reserved or dissenting opinions are expressed by the Directors for comments and for records, respectively.

There has been a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the expense of the Company. The Board resolves to provide separate independent professional advice to Directors.

The Board accepts the proposal passed by written resolution instead of convening a Board meeting and such draft proposal shall be dispatched to each Director, either by hand, mail, telex, facsimile or email. Unless otherwise stipulated by applicable laws, regulations and/or relevant listing rules, a resolution shall come into effect without a Board meeting being convened when the number of Directors signing and consenting to the written resolution meets the quorum for the resolution as required by the laws, administrative regulations and the Articles of Association in connection therewith, and the signed resolution is returned to the Secretary to the Board by the aforesaid means.

Any written resolution not being executed by Directors in accordance with legal procedures, even opined by each Director by different means, shall not come into legal force as a resolution of the Board. Minutes of meetings of the Board and its committees shall be kept by the Secretary to the Board, and upon any Director's request to review, the Secretary to the Board shall produce to such Director the requested minutes within a reasonable period of time.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

To ensure sound corporate governance, the Board has established the following committees: Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategic Committee, and specified their respective terms of reference in accordance with principles stipulated by laws, regulations and the CG Code. Relevant administrative departments set up by those special committees in the Company are responsible for the preparation of meeting documents while those special committees report to the Board.

The Board reports to the general meeting, and is also responsible for the completeness of financial data as well as the effectiveness of internal control system and risk management procedures of the Company. Besides, the Board shall bear the responsibility for the preparation of corporate financial statements, while the General Manager assumes duties of attaining business goals and attending to daily operations of the Company. Through regular reviews of functions of the General Manager and his/her authorised powers, the Board ensures the rationality of such arrangement. The Board also regularly reviews performances in relation to budget and business goals of operating departments, and retained various powers, including:

(1) to convene general meetings and report its work to the general meetings;

(2) to implement the resolutions passed at general meetings;

(3) to decide the Company's business plans and investment schemes;

CORPORATE GOVERNANCE REPORT (CONTINUED)

(4) to formulate the Company's annual budget scheme and final account plan;

(5) to formulate the Company's profit distribution plan and loss recovery plan;

(6) to formulate proposals for increasing or reducing the Company's registered capital and the issue of corporate debentures;

(7) to draw up plans for repurchase of the Company's shares or proposal for merger, division or dissolution of the Company;

(8) within the authorisation of the general meeting, to determine external investment, acquisition and disposal of assets, pledge of assets, trusted finance, connected transactions of the Company; and to determine other guarantee matters not subject to approval of the general meeting as stipulated by law, administrative regulations and the Article of Association;

(9) to determine the establishment of the Company's internal management structure;

(10) to appoint or dismiss the Company's General Manager and the Secretary to the Board, and pursuant to the General Manager's nominations, to appoint or dismiss senior management including the Deputy General Managers and financial officers of the Company and determine their remuneration, bonus and penalties;

(11) to formulate the Company's basic management system;

(12) to formulate proposed amendments to the Articles of Association;

(13) to manage the information disclosure of the Company;

(14) to propose at general meetings for the appointment or change of auditors providing audit services to the Company;

(15) to hear the work report and inspect the work of the Company's General Manager; and

(16) to exercise any other powers specified in relevant laws, administrative regulations or the Articles of Association and conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the abovementioned items (6), (7), (12) and external guarantees which shall be passed by two-thirds majority of the Directors, the Board's resolutions in respect of any other aforesaid matters may be passed by a simple majority. The Board mainly performed the following duties in respect of corporate governance in the reporting period:

(1) to develop and review the Company's policies and practices on corporate governance;

(2) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(3) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company;

(4) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and

(5) to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report in the annual report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Seven Board meetings were held by the Company in the financial year from 1 January 2023 to 31 December 2023, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Number of meetings actually attended (excluding by proxy)/ number of meetings to attend
Dai Jun	Chairman, Executive Director	7/7
Ni Shoumin	Former Vice Chairman, Former Non-executive Director	2/3
Zhao Bing	Vice Chairman, Non-executive Director	4/4
Peng Xingyu	Former Non-executive Director	1/3
Luo Xiaoqian	Former Executive Director	2/3
Chen Bin	Executive Director	4/4
Zhang Zhiqiang	Non-executive Director	7/7
Li Pengyun	Former Non-executive Director	3/3
Li Qiangde	Non-executive Director	4/4
Cao Min	Non-executive Director	4/4
Wang Xiaobo	Non-executive Director	7/7
Li Guoming	Executive Director	7/7
Feng Zhenping	Independent Non-executive Director	7/7
Li Xingchun	Independent Non-executive Director	7/7
Li Menggang	Former Independent Non-executive Director	3/3
Wang Yuesheng	Independent Non-executive Director	7/7
Shen Ling	Independent Non-executive Director	4/4

One annual general meeting, one extraordinary general meeting, one A share class meeting and one H share class meeting were held by the Company in the financial year from 1 January 2023 to 31 December 2023, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Number of meetings actually attended/number of meetings to attend
Dai Jun	Chairman, Executive Director	4/4
Ni Shoumin	Former Vice Chairman, Former Non-executive Director	0/1
Zhao Bing	Vice Chairman, Non-executive Director	0/3
Peng Xingyu	Former Non-executive Director	0/1
Luo Xiaoqian	Former Executive Director	0/1
Chen Bin	Executive Director	3/3
Zhang Zhiqiang	Non-executive Director	3/4
Li Pengyun	Former Non-executive Director	1/1
Li Qiangde	Non-executive Director	3/3
Cao Min	Non-executive Director	3/3
Wang Xiaobo	Non-executive Director	4/4
Li Guoming	Executive Director	4/4
Feng Zhenping	Independent Non-executive Director	4/4
Li Xingchun	Independent Non-executive Director	4/4
Li Menggang	Former Independent Non-executive Director	0/1
Wang Yuesheng	Independent Non-executive Director	4/4
Shen Ling	Independent Non-executive Director	3/3

Note: Mr. Luo Xiaoqian, executive Director, Mr. Ni Shoumin, Mr. Peng Xingyu and Mr. Zhang Zhiqiang, non-executive Directors and Mr. Li Menggang, independent non-executive director were unable to be present at the annual general meeting of the Company held on 31 May 2023 due to personal business commitments. Mr. Zhao Bing, non-executive Director was unable to be present at the extraordinary general meeting, A share class meeting and H share class meeting of the Company held on 30 November 2023 due to personal business commitments.

CORPORATE GOVERNANCE REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group. Mr. Wang Chao was in charge of the accounting department. With the assistance of the accounting department, the Directors ensure that the financial statements of the Company are prepared in compliance with relevant laws, regulations and applicable accounting policies. The Directors also confirm that the financial statements of the Company will be published in due course. Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as going concern.

The reporting responsibility statement made by the Company's auditor in respect of the financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by its Directors and Supervisors. Meanwhile, it formulated the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" which requires the Directors and Supervisors to sign, as early as the commencement of their term of office, a statement on share transaction undertaking that any share transaction by Directors or Supervisors and their associates will be reported to the Board or the Supervisory Committee. No securities transaction should be conducted by the Directors or Supervisors and/or their relevant persons and entities prior to a written consent being given with a specific date certifying compliance of the proposed transaction with the Hong Kong Listing Rules and Shanghai Listing Rules and the requirements regarding transactions of securities of listed companies by Directors and Supervisors as stipulated in the abovementioned codes.

After specific inquiries with all Directors and Supervisors, the Directors and Supervisors of the Company have complied with the relevant codes on securities transactions by Directors and Supervisors set out in the Model Code and the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" during the year ended 31 December 2023.

AUDIT COMMITTEE

In accordance with the Hong Kong Listing Rules, the Board set up the Audit Committee in August 1999. It comprises five members, including three independent non-executive Directors and two non-executive Directors. One of the five members is an independent non-executive director who is an accounting professional. In addition to carrying out duties in accordance with the Hong Kong Listing Rules and requirements stipulated in the "A Guide for Effective Operation of an Audit Committee" issued by Hong Kong Institute of Certified Public Accountants and the "Principle on Governance of Listed Companies" issued by the China Securities Regulatory Commission, the Audit Committee of the Board comprising such five members also formulated the "Working Rules for the Audit Committee of the Board of Directors of Huadian Power International Corporation Limited" by setting out the scope of their powers and functions in details.

The primary terms of reference of the Audit Committee include:

(1) to make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;

(2) to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process;

(3) to formulate and implement policies on engaging an external auditor to supply non-audit services;

(4) to act as the key representative body for the communication between the Company and the external auditor;

(5) to examine, monitor and supervise integrity of the Company's financial statements, annual reports and interim reports, and to review the major opinions on financial reporting in such statements and reports; and

(6) to examine and continuously monitor the efficient operation of internal control and risk management system of the Company, hear the report regarding internal control and risk management mechanism as well as the system establishment of the enterprise, and offer opinion and suggestion accordingly.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The terms of reference of the Audit Committee are published on the webpage of the Company at http://www.hdpi.com.cn/. During the reporting period, the Audit Committee of the Company is chaired by independent non-executive Director Ms. Shen Ling, and is comprised of members including non-executive Directors Ms. Cao Min and Mr. Wang Xiaobo, independent non-executive Directors Mr. Li Xingchun and Mr. Wang Yuesheng. They are responsible for the communication between the Company's internal and external auditors, supervision and examination while giving advice to the Board on audit, risk management, internal control and corporate governance. In particular, Ms. Shen Ling is an accounting professional.

The Audit Committee held five meetings respectively on 27 March 2023, 28 April 2023, 31 May 2023, 29 August 2023 and 30 October 2023 with the average attendance rate of 100%. All of the Directors of the committee attended all of the meetings in person instead of by proxy.

During the reporting period, the Audit Committee considered and approved the financial reports of the Company for 2022, the resolution on the provision for impairment of assets, the resolution on continuing related party transactions of the Company, the report on risk continuation assessment of related party transactions with China Huadian Finance Corporation Limited, the resolution on the engagement of the auditors of the Company for 2023 in respect of the Company's financial reports and internal control and submission to the general meeting for consideration, the resolution on the internal control evaluation report of 2022, the resolution on the change of accounting policy and the resolution on amendments to the list of related parties.

The Audit Committee considered and approved the work of the Audit Department for the year 2022 and the work arrangement for 2023, the report on the work of the Audit Committee for the year 2022, the resolution on the election of the Chairman, and the interim report on the work of the Audit Committee. The Audit Committee carefully reviewed the summary report on the audit work performed by the accounting firm for the year 2022, the report on the replacement of the auditor of the Company's financial report and internal control for the year 2023, the report on the audit of the accounting firm's internal control for the year 2022, the report on the completion of the audit work of the Company in the first quarter of 2023, the explanations on the interim financial report, the explanation on the review of the interim financial report by the accounting firm, the Company's statement on the third quarter financial report and the report on the completion of the audit for the third quarter of 2023.

In respect of corporate governance, the Audit Committee has developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual applicable to the Company's employees and Directors; and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

Main Features of the Risk Management and Internal Control Systems

The Board is responsible for the ongoing supervision on the Company's risk management and internal control systems. The Board has developed the Group's risk management and internal control systems and confirmed and reviewed that the Board bears the overall responsibility for the effectiveness of the Group's risk management and internal control systems to safeguard the interest of the shareholders and the assets of the Group. It reviews the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and experience on accounting, internal audit, financial reporting functions and training programs received by staffs and budget of the Group.

The Company has established its special department to regularly review the adequacy and effectiveness of the Group's risk management and internal control systems, and the Audit Committee will review the work report and suggestions made by the independent internal audit department on the effectiveness of the key internal control system.

The Company's risk management and internal control systems are designed to manage rather than eliminate risks, and can only provide reasonable but not absolute assurance against material misstatement or loss. We have employed a bottom-up approach to identify, assess and mitigate risk to the largest extent at all business unit levels and across functional areas of the Group.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Process Used to Identify, Evaluate and Manage Major Risks

The Company's risk management and internal control systems are mainly responsible for tracking and recording identified major risks, assessing and evaluating major risks and developing and updating counter-measures, as well as continuing to test risk management and internal control procedures to ensure their effectiveness.

The Company has put in place appropriate policies and monitoring procedures to ensure that no asset will be used or disposed without authorisation of the Company. The Company maintains reliable financial and accounting records in accordance with the relevant accounting standards and regulatory reporting regulations, and properly identifies and manages major risks which may affect the Company's performance, and reasonably ensures that the level of risk is within the acceptable scope of the Company.

Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

During the risk evaluation process, each business department and major subsidiaries which face risks are the first responsible persons to identify the major risks that have reached target. It should assess the residual risks and report to the management, the Audit Committee and the Board of the Company after considering the counter-measures against major risks.

The audit department of the Company carries out its work based on risks and defects. The audit department of the Company formulates the annual internal control evaluation work plan covering the Company's operation, business and finance and major procedures of its affiliated entities, and reports the evaluation findings to the management and the Board of the Company. The audit department of the Company urges relevant entities to rectify the internal control defects identified in the process and reports the progress of rectification to the Audit Committee and the management on a regular basis.

The audit department of the Company reports the adequacy and effectiveness of its monitoring to the management, the Audit Committee and the Board of the Company.

The management of the Company, with assistance of the internal control department, the finance department, the audit department and other departments, is responsible for the design, implementation, supervision and evaluation of the risk management and internal control systems, and reports the effectiveness of risk management and internal control to the Audit Committee and the Board.

The Company has adopted various policies and procedures to evaluate and enhance the effectiveness of the risk management and internal control systems, including requiring the management to conduct assessment on a regular basis and control the risks at a level which is acceptable to the Company to ensure that the risk management and internal control systems of the Company operate effectively, which the Company believes will enhance the corporate governance in the future and improve the risk management and internal control capacities of the Company.

The Company has integrated risk management and internal control into its daily operations. The functional departments and affiliated entities of the Company continuously conduct risk assessment, formulate risk management strategies and risk counter-measures, assess residual risks and report risk events and counter-measures implemented to the relevant business management departments of the Company on a timely basis. The relevant business departments of the Company summarise the possibility and effect of risk events, analyse the effectiveness of its risk management and internal control strategies and counter-measures, and report to the management and the Board of the Company on a regular basis.

Procedures and Internal Control for the Handling and Dissemination of Inside Information

The Board has already established a policy on the procedures and internal control for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of publishing inside information, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures. Every senior management of the Company must take all reasonable measures to prevent the breach of the disclosure requirement in relation to the Company. They must promptly bring any possible leakage or divulgence of inside information to the attention of the management, who will notify the Board accordingly and take appropriate actions promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding reoccurrence.

CORPORATE GOVERNANCE REPORT (CONTINUED)

In 2023, the effectiveness assessment on risk management and internal control of the Company and its subsidiaries was conducted using the "Internal Control and Risk Management-A Basic Framework" issued by Hong Kong Institute of Certified Public Accountants as guidance, and in accordance with requirements of the "Standard Regulations on Corporate Internal Control" jointly issued by five PRC ministries and commissions including the Ministry of Finance of the PRC, specifically covering various material aspects including operational control, finance control, compliance control and risk management. Based on the assessment results, the Audit Committee of the Board prepared the draft 2023 assessment report on internal control which was approved on the seventh meeting of the tenth session of the Board. The 2023 assessment report on internal control of the Board concluded that no material and important internal control defect was found from the assessment, and therefore confirmed that the Company has fully complied with provisions of risk management and internal control set out in the CG Code in 2023, and confirmed that the existing risk management and internal control systems of the Company was in line with the relevant PRC laws and requirements of securities regulators, and it could effectively perform the role of controlling and preventing in areas of major enterprise risks, serious management fraud and important procedures. The Board and the Audit Committee considered that the Company has adequate resources, qualification and experience of employees in accounting and financial reporting, and that the relevant employees have received adequate trainings, and the Company has adequate budget. The Company handled and disseminated the inside information according to the information disclosure management system and the stipulated procedures to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made after obtaining the appropriate approval.

In 2023, the Company has performed its duties in accordance with the latest requirements of Hong Kong Listing Rules on risk management and internal control of listed companies. The Board considers that the risk management and internal control systems of the Group in 2023 was effective and adequate.

REMUNERATION AND APPRAISAL COMMITTEE

The Company has set up a Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is a specialised committee of the Board established under the resolution of the general meeting of the Company. It is responsible for studying the performance appraisal standards for the Directors and the senior management of the Company, performing appraisal and giving its advice. It is also responsible for research and review of the remuneration policy and scheme for the Directors and the senior management of the Company. The Remuneration and Appraisal Committee is accountable to the Board. It has reviewed the current remuneration policy and proposed to the Board to improve the remuneration policy and system. After each meeting, the Committee will report to the Board. None of the Directors shall participate in the determination of his/her own remuneration.

The primary terms of reference of the Remuneration and Appraisal Committee of the Board include:

(1) to make recommendations to the Board on the remuneration's policy and developing procedure for Directors and senior management;

(2) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board;

(3) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment;

(4) to supervise the execution of the Company's remuneration system; and

(5) to review duty performance by Directors and senior management and carry out performance appraisal of them.

The terms of reference of the Remuneration and Appraisal Committee are published on the Company's webpage: http://www.hdpi.com.cn/. During the reporting period, the Remuneration and Appraisal Committee was chaired by independent non-executive Director Mr. Wang Yuesheng, and is comprised of members including non-executive Director Mr. Zeng Qinghua and Mr. Wang Xiaobo, independent non-executive Directors Mr. Li Xingchun and Ms. Shen Ling.

The Remuneration and Appraisal Committee held three meetings on 27 March 2023, 28 April 2023 and 31 May 2023 respectively. All Directors who were members of the Committee were present at all of the meetings in person instead of by proxy.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the reporting period, the Remuneration and Appraisal Committee considered and approved the resolution on confirmation of the remuneration package of Directors and Supervisors for 2022 and submission to the general meeting for consideration, and the resolution on the Work Plan on Tenure System and Contract-based Management of Management Members of Huadian Power International Corporation Limited; and considered the resolution on the adjustment the allowances for independent directors of the Company and submission to the general meeting for consideration.

The Remuneration and Appraisal Committee considered and approved the resolution on the plans for review and payment of annual salaries of the general manager and other senior management members for 2022, the work report of the Remuneration and Appraisal Committee for 2022 and the resolution on the election of the chairperson.

The Remuneration and Appraisal Committee reviewed and monitored the training and continuous professional development of Directors and senior management of the Company during the reporting period. The remuneration of the executive Directors, the General Manager and other senior management members of the Company were determined based on their calibre, education level and commitment to work with reference to the Company's results and profit, industry comparables and market conditions.

ANNUAL SALARY SCHEME FOR THE DIRECTORS IN 2023

In order to provide the necessary safeguard for the accomplishment of the strategic development targets for the year 2023 and to ensure completion of the annual missions of the Board, the Company linked the annual salary scheme for the Directors with the annual operating performance of the Company with reference to the Company's actual circumstances.

ALLOWANCES OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As approved at the 2022 annual general meeting of the Company, the allowance of independent directors was adjusted from RMB140,000 per annum to RMB180,000 per annum from June 2023 onwards. The Company paid the allowance of RMB140,000 per annum to the independent non-executive Directors, namely, Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Li Menggang and Mr. Wang Yuesheng from January to May 2023. Since June 2023, the Company has been paying allowance of RMB180,000 per annum to the independent non-executive directors, namely, Mr. Feng Zhenping, Mr. Li Xingchun, Mr. Wang Yuesheng and Ms. Shen Ling.

ANNUAL SALARY SCHEME FOR THE GENERAL MANAGER IN 2023

In order to provide the necessary safeguard for the accomplishment of the strategic development targets for the year 2023 and to ensure completion of the annual plans of the Company, the Company linked the annual salary scheme for the General Manager of the Company with the annual operating performance of the Company with reference to the Company's actual circumstances.

Based on the Company's development strategies, external environmental changes, annual performance results, salary level of employees and other factors, and with reference to the salary level of the listed peers and the Company's actual circumstances, the Remuneration and Appraisal Committee determined the annual salary plan for the Directors and General Manager of the Company in 2023 in line with principles such as integration of incentives and constraints, priority to efficiency while giving considerations to impartiality, and combination of material and ideological incentives, subject to the approval of the general meeting or Board before implementation of such plan.

MOTIVATION AND APPRAISAL METHODS FOR OTHER SENIOR MANAGEMENT IN 2023

In order to secure the accomplishment of the strategic development targets in 2023 and to ensure completion of the annual missions of the Board, the Remuneration and Appraisal Committee formulated the motivation and assessment methods for other senior management members (including the Deputy General Managers, Chief Financial Officer, Secretary to the Board and General Counsel) of the Company in 2023 with reference to the Company's actual circumstances, and the annual salary scheme for the General Manager of the Company, and in line with the performance based and integration of incentives and constraints principles. The motivation and appraisal methods are carried out by the Remuneration and Appraisal Committee upon approval of the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As of 31 December 2023, the total number of the Group's official staff amounted to 24,778. Consistently complying with State regulations, the Group determines the salary of the employees at various levels based on its economic benefits, and adheres to the concept of "identify talents through performance, select talents through competition and award talents through remuneration", thus establishing the objective, impartial, scientific and effective remuneration distribution mechanism and performance appraisal mechanism for its employees.

REMUNERATION (ALLOWANCE) OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY IN 2023

Name	Position in the Company	Remuneration (allowance) *(RMB0'000)*
Dai Jun	Chairman, Executive Director	–
Ni Shoumin	Former Vice Chairman, Former Non-executive Director	–
Zhao Bing	Vice Chairman, Non-executive Director	–
Peng Xingyu	Former Non-executive Director	–
Luo Xiaoqian	Former Executive Director	–
Chen Bin *(Note 2)*	Executive Director, General Manager	96.89
Zhang Zhiqiang	Non-executive Director	–
Li Pengyun	Former Non-executive Director	–
Li Qiangde	Non-executive Director	–
Cao Min	Non-executive Director	–
Wang Xiaobo	Non-executive Director	–
Li Guoming *(Note 2)*	Executive Director, Chief Financial Officer	86.95
Feng Zhenping	Independent Non-executive Director	16.33
Li Xingchun	Independent Non-executive Director	16.33
Li Menggang	Former Independent Non-executive Director	5.38
Wang Yuesheng	Independent Non-executive Director	16.33
Shen Ling	Independent Non-executive Director	10.50
Chen Wei	Former Chairman of the Supervisory Committee	–
Liu Shujun	Chairman of the Supervisory Committee	–
Ma Jing'an *(Note 2)*	Supervisor	85.71
Zhang Peng *(Note 2)*	Former Employee Supervisor	65.17
Tang Xiaoping *(Note 2)*	Employee Supervisor	12.99
Peng Guoquan	Former Deputy General Manager	59.10
Qin Jiehai	Deputy General Manager, Secretary to the Board, Company Secretary, Former General Legal Counsel,	86.41
Wu Yuejie	Deputy General Manager	84.03
Gao Mingcheng	General Legal Counsel	–

Note 1: Above remuneration (allowance) are all before individual income tax.

Note 2: The emoluments received by Mr. Chen Bin are the remunerations he received for serving as the General Manager of the Company. The emoluments received by Mr. Li Guoming are the remunerations he received for serving as the Chief Financial Officer of the Company. The emoluments received by Mr. Ma Jing'an are the remunerations he received for serving as the secretary of the discipline committee of the Company. The emoluments received by Mr. Zhang Peng are the remunerations he received during the period from January 2023 to October 2023 for serving as the deputy chief economist of the Company. The emoluments received by Mr. Tang Xiaoping are the remunerations he received during the period from November 2023 to December 2023 for serving as the director of the office (human resource department) of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

NOMINATION COMMITTEE

On 28 March 2012, the Company set up a Nomination Committee, which is a body specifically set up by the Board according to the resolution of the general meeting, and mainly responsible for making recommendations to the Board on the procedures, standards and qualifications of electing and appointing Directors and senior management of the Company.

In 2023, the Nomination Committee strictly implemented the nomination policy of the Company. The standards relating to the selection and recommendation of Director candidates include the Director's appropriate professional knowledge and background, personal ethics, as well as their time commitment. In order to achieve sustainable and balanced development, the Company will take into account many aspects concerning the diversity of members of the Board, including but not limited to gender, age, cultural and educational background, race, professional expertise, skills, knowledge and terms of service, when determining the composition of the Board. Based on the Company's existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy in 2023.

If the term of office of the Board expires or the Board proposes to add new Directors or to fill vacancies of the Board, the Nomination Committee of the Board shall recommend to the Board the candidates. Upon being considered and approved by the Board, relevant proposals will be submitted at the general meeting of the Company for approval. Other Director candidates other than the independent non-executive Director shall be nominated by the Board, the Supervisory Committee, shareholders individually or collectively holding over 3% of the total voting shares of the Company, and elected at the general meeting of the Company. The candidates for the independent non-executive Director shall be nominated by the Board, the Supervisory Committee of the Company, shareholders individually or collectively holding over 1% of the total voting shares of the Company, and elected at the general meeting of the Company.

The primary terms of reference of the Nomination Committee include:

(1) to regularly review the structure, size and composition of the Board;

(2) to consider the criteria and procedures for the selection of Directors and senior management and the appointment plan, and to provide recommendations on it;

(3) to verify the personal information of all the candidates for election or re-election of the Company's Directors and senior management of the Company, and submit the verification result to the Board or the general meeting of the Company for reference;

(4) in case of resignation or removal of a Director, to present the Board the reasons for such resignation or removal and other matters that need to be specified to shareholders of the Company; in case of resignation or removal of a senior management member, to present the Board the reasons for such resignation or removal;

(5) to assess the independence of the independent non-executive Director; and

(6) to formulate and review the standards for establishing the special committees under the Board and provide proposed amendments to the Board when appropriate.

During the reporting period, the Nomination Committee of the Company is chaired by independent non-executive Director Mr. Feng Zhenping, and is comprised of members including executive Director Mr. Chen Bin, non-executive Director Mr. Wang Xiaobo, independent non-executive Directors Mr. Li Xingchun and Mr. Wang Yuesheng.

The Nomination Committee held four meetings on 20 February 2023, 27 March 2023, 28 April 2023 and 31 May 2023 respectively. All Director members of the committee attended the meetings in person instead of by proxy.

During the reporting period, the Nomination Committee considered and approved the resolution on the appointment of the Company's general manager, the resolution on the nomination of candidates for directors of the Company to be submitted to the shareholders' meeting for consideration, the resolution on the election of the new session of the Board of the Company and submission to the general meeting for consideration, the resolution on the appointment of the general manager, the resolution on the appointment of the deputy general manager, the work report of the Nominating Committee for the year 2022 and the resolution on election of the chairperson.

DIVERSITY

Diversity of Directors

According to the goal of the Board diversity policy, the Board of the Company has elected two female directors in 2023. The Company will continue to comply with the Board Diversity Policy in the future, provided that (i) the Director candidates meet the requirements on the ability and experience of a Director, as confirmed by the performance of comprehensive investigation and audit procedures under reasonable standards; and (ii) in considering the appointments, there shall be assurance that the Director candidates will earnestly perform their responsibilities and act according to the principle of safeguarding the best interests of the Company and its shareholders as a whole.

In order to provide more potential female candidates for the Board of Directors, the Company will internally identify and train capable, experienced and competent female employees, and invest more resources in training, so as to form an effective channel for promoting potential Director successors with gender diversity. In evaluating the best composition of the Board of Directors, the Nomination Committee will consider the Board diversity from many aspects, including but not limited to gender, age, culture, educational background, race, professional experience, skills, knowledge and service term.

Diversity of Employees

		Data for 2023 *(person)*	Data for 2022 *(person)*
Total number of regular employees		24,778	24,755
By gender	Male	19,341	19,226
	Female	5,437	5,529

As at 31 December 2023, the male and female regular employees of the Group accounted for 78.06% and 21.94% respectively. The Group implemented the principle of fair employment and adopted the merit-based recruitment method, without discrimination. The Group attached importance to the principles of fairness, justice and openness in recruiting and promoting suitable employees, and never discriminated against employees on the grounds of gender.

DIVIDEND DISTRIBUTION POLICY

The Company implements active profit distribution measures, gives priority to cash dividends and pays attention to the reasonable investment returns to the investors. The Company shall distribute cash dividends provided that the Company has no significant cash outlay required for its operation and development in the foreseeable future, that the net profit for the year is positive, that the accumulated and undistributed profit at the end of the year is positive, that the cash flow generated from operating activities is positive and that the Company's normal operation will not be affected.

Pursuant to a resolution passed at the seventh meeting of the tenth session of the Board, the Board proposes to declare a final cash dividend of RMB0.15 per share (tax inclusive, based on the total share capital of 10,227,561,133 shares) for the financial year ended 31 December 2023, totaling approximately RMB1,534,134.17 thousand (tax inclusive).

The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2023 annual general meeting (such date has not been determined but will be published by the Company in due course). The circular of the 2023 annual general meeting of the Company, containing details of the period of the closure and procedures of the register of members, will be published and despatched to shareholders of the Company in due course.

AUDITORS

During the year ended 31 December 2023, the Company paid an aggregate of RMB7.50 million of audit service fees to its auditors, ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited, including fees for audit of internal control provided by ShineWing Certified Public Accountants (Special General Partnership) to the Company. The audit service fees were considered by the Audit Committee and the Board and were approved at the annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDERS' RIGHTS

Shareholders individually or jointly holding 10% or more of the Company's shares may request the convening of an extraordinary general meeting by signing one or more counterpart requisition(s) in writing stating the meeting agenda and requiring the Board to convene the meeting. The Board shall give a reply in writing, as to whether or not it agrees to convene the meeting within 10 days after receiving the aforementioned requisition.

Shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposals at a general meeting of the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit extraordinary proposals to the convener in writing 10 days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting and announce the contents of such extraordinary proposals within 2 days after receipt thereof.

INVESTOR RELATIONS

The Company undertakes that it shall make impartial disclosure and full and transparent reporting. The ultimate duty of the Chairman is to ensure effective communication with the investors and the Board's understanding of the opinions of substantial shareholders. In this regard, the Chairman shall meet with the shareholders. The Secretary to the Board is responsible for the day-to-day contacts between the Board and substantial shareholders.

The previous annual general meeting of the Company was held in Beijing on 31 May 2023, at which the Chairman of the Board attended the meeting and answered questions. At the annual general meeting, each matter was put forward in form of a separate proposal and voted by way of poll.

The senior management of the Company shall preside over presentations and attend the meetings with institutional investors and financial analysts for intercommunication in respect of the Company's results and business prospects, which is a regular function of investor relations. Investors and the public may access the Company's website which also sets out the detailed information on the Company's businesses.

For any enquiry addressed to the Board, investors can contact the Board through shareholder hotlines (8356 7905) or by email (hdpi@hdpi.com.cn) or by fax (8610-8356 7963), and shareholders may raise questions at annual or extraordinary general meetings of the Company. The Company maintained smooth channels of communication with investors by reception of shareholders, roadshow and reverse roadshow activities, online communication via telephone and Internet, etc., to answer inquiries from investors in a timely and accurate manner. During the reporting period, the Company assessed and reviewed various communication channels and believed that the above policy was effectively implemented in 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND PERFORMANCE

The Company complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide and other relevant laws and regulations in 2023. The information relating to the environmental, social and governance policies and performance of the Company in 2023 is set out in the Environmental, Social and Governance Report of the Company.

By order of the Board
Huadian Power International Corporation Limited
Dai Jun
Chairman

Beijing, the PRC
27 March 2024

As at the date of this report, the Board comprises:

Dai Jun (Chairman, Executive Director), Zhao Bing (Vice Chairman, Non-executive Director), Chen Bin (Executive Director), Zhao Wei (Non-executive Director), Zeng Qinghua (Non-executive Director), Cao Min (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Wang Yuesheng (Independent Non-executive Director) and Shen Ling (Independent Non-executive Director).

CORPORATE INFORMATION

CORPORATE INFORMATION

Legal address	14800 Jingshi Road Jinan, Shandong Province The People's Republic of China
Authorised representatives	Dai Jun Qin Jiehai
Joint Company Secretaries	Qin Jiehai Ng Ka Man
Hong Kong share registrar and transfer office	Hong Kong Registrars Limited 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Auditors	SHINEWING (HK) CPA Limited 17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong ShineWing Certified Public Accountants (Special General Partnership) 9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing The People's Republic of China
Legal advisers to the Company	
as to Hong Kong law	Fangda Partners 26/F, One Exchange Square, 8 Connaught Place Central, Hong Kong PRC
as to PRC law	Haiwen & Partners 20/F, Fortune Financial Center, 5 Dong San Huan Central Road, Chaoyang District, Beijing The People's Republic of China

COMPANY PUBLICATIONS

The Company's 2023 annual report was published in April 2024. Copies of the annual report are available for inspection at:

PRC	Huadian Power International Corporation Limited No. 2 Xuanwumennei Street, Xicheng District, Beijing Tel: (8610) 8356-7888 Fax: (8610) 8356-7963
Hong Kong	Toppan Merrill Limited 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong Tel: (852) 2973-8600 Fax: (852) 2877-9978

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED
(incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 56 to 130, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accuracy on operating costs

Key audit matter	How our audit addressed the key audit matter
During the year ended 31 December 2023, the Group incurred operating costs with the amount of RMB109,492 million which is mainly represented the fuel costs, costs of coals sold, depreciation and amortisation charges, etc. We identified the accuracy for operating costs as a key audit matter due to the significance of the amount to the Group's consolidated financial statements as a whole.	Our procedures in relation to the accounting for the Group's operating costs included: • Obtaining an understanding, evaluating the design, and testing the operating effectiveness of key controls over the Group's operating costs; • Performing analytical reviews and comparing the composition of operating costs with prior year to assess the reasonableness on the fluctuations, and understanding the material fluctuation if any; • Performing industry analysis and historical analysis to assess the reasonableness of the purchase price of the coals as well as the standard unit consumption of coals and understanding the material fluctuations if any; • Reviewing, on sampling basis, the supporting documents on purchases and consumption of fuel costs and coals to ensure operating costs are recorded accurately and in correct period; • Reviewing the sufficiency and appropriateness on the disclosures of operating costs in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS *(Continued)*

Measurement on property, plant and equipment

Key audit matter	How our audit addressed the key audit matter
As set out in note 17 to the consolidated financial statements, as at 31 December 2023, property, plant and equipment is amounted to RMB134,617 million. We identified the measurement of property, plant and equipment as a key audit matter due to the significance of the amount to the Group's consolidated financial statements as a whole.	Our procedures in relation to the review of the property, plant and equipment included: • Obtaining an understanding, evaluating the design, and testing the operating effectiveness of controls over the management's key process of the Group's measurement process of property, plant and equipment; • Evaluating the appropriateness of the use of useful lives and residual value of the property, plant and equipment to ensure the application is complied with the relevant accounting standard; • Reviewing the relevant supporting documents, on sampling basis, on addition and disposal of property, plant and equipment; reperforming depreciation charge of property, plant and equipment; and calculation of capitalised finance charges on significant components to ensure the accuracy of the movements of the property, plant and equipment; • Performing physical count on property, plant and equipment as at year end date and inspecting the relevant property certificates, if any, to ensure the existence of property, plant and equipment; • Evaluating the appropriateness of the management's identification of impairment indicators, if any, with reference to the internal and external sources of information; If impairment indicator exists, reviewing valuation reports prepared by the external valuers appointed by the management, if any; challenging the assumptions and basis and management's appropriateness in measurement of the recoverable amount of the property, plant and equipment; and • Reviewing the sufficiency and appropriateness on the disclosures of property, plant and equipment in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by the another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 March 2023, for which certain comparative financial information has been adjusted by the directors of the Company as described in note 3(a) to these consolidated financial statements.

The engagement director on the audit resulting in this independent auditor's report is Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 *RMB'000*	2022 *RMB'000* *(Restated)*
Turnover	5	**116,376,064**	105,960,339
Operating expenses			
Fuel costs		**(75,462,402)**	(82,865,965)
Costs of coal sold		**(9,732,932)**	(1,227,745)
Depreciation and amortisation		**(10,504,666)**	(10,037,498)
Repairs, maintenance and inspection		**(4,416,710)**	(3,892,007)
Personnel costs	6	**(8,063,985)**	(7,153,546)
Administration expenses		**(1,807,802)**	(2,696,380)
Taxes and surcharges	7	**(974,934)**	(871,948)
Other operating expenses	11(b)	**(1,311,763)**	(1,399,244)
		(112,275,194)	(110,144,333)
Operating profit (loss)		**4,100,870**	(4,183,994)
Investment income	8	**17,846**	8,673
Other revenue	9	**1,154,131**	1,104,893
Other net income	9	**433,511**	773,360
Interest income from bank deposits		**72,494**	84,376
Fair value (loss) gain on financial assets at fair value through profit or loss		**(18,621)**	10,322
Finance costs	10	**(3,676,131)**	(4,131,194)
Share of results of associates		**3,758,608**	4,796,637
Profit (loss) before taxation	11(a)	**5,842,708**	(1,536,927)
Income tax (expense) credit	14	**(974,263)**	631,394
Profit (loss) for the year		**4,868,445**	(905,533)
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive income of investees accounted for under the equity method (with nil tax effect)		**18,426**	34,746
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income (expense) (non-recycling) of investees accounted for under the equity method (with nil tax effect)		**64,113**	(7,365)
Other comprehensive income for the year (net of tax)	15	**82,539**	27,381
Total comprehensive income (expense) for the year		**4,950,984**	(878,152)
Profit (loss) for the year attributable to:			
Equity holders of the Company		**4,601,094**	(14,322)
Non-controlling interests		**267,351**	(891,211)
		4,868,445	(905,533)
Total comprehensive income (expense) for the year attributable to:			
Equity holders of the Company		**4,682,464**	12,714
Non-controlling interests		**268,520**	(890,866)
		4,950,984	(878,152)
Earnings (loss) per share	16		
Basic earnings (loss) per share		**RMB 0.355**	RMB (0.093)
Diluted earnings (loss) per share		**RMB0.353**	RMB (0.093)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	17	**134,616,966**	128,171,003
Right-of-use assets	18(a)	**5,355,393**	5,979,607
Construction in progress	19	**7,352,868**	14,842,864
Investment properties		**70,881**	71,405
Intangible assets	20	**1,892,131**	1,939,859
Goodwill	21	**1,032,483**	1,032,483
Interests in associates	22	**44,240,623**	41,482,010
Financial assets at fair value through profit or loss	23	**351,434**	370,055
Other non-current assets	24	**471,640**	823,936
Deferred tax assets	35(a)	**2,510,363**	2,856,915
		197,894,782	197,570,137
Current assets			
Inventories	26	**4,500,583**	3,937,380
Trade debtors and bills receivables	27	**12,336,707**	12,389,467
Deposits, other receivables and prepayments	28	**6,196,940**	6,521,277
Tax recoverable		**92,329**	99,832
Restricted deposits	29	**284,880**	374,824
Cash and cash equivalents	30	**5,170,277**	5,907,615
		28,581,716	29,230,395
Current liabilities			
Bank loans	31(a)	**26,789,426**	28,838,057
Loans from shareholders	31(b)	**737,354**	1,358,019
State loans	31(c)	**1,886**	1,781
Other loans	31(d)	**4,402,494**	7,450,216
Long-term debentures payable-current portion	31(e)	**14,196,421**	2,442,132
Amount due to the parent company		**13,269**	11,245
Lease liabilities	18(b)	**24,635**	218,402
Trade creditors and bills payable	33	**11,282,248**	16,606,208
Other payables and contract liabilities	34	**5,570,645**	6,088,796
Tax payable		**178,289**	76,954
		63,196,667	63,091,810
Net current liabilities		**(34,614,951)**	(33,861,415)
Total assets less current liabilities		**163,279,831**	163,708,722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
Non-current liabilities			
Bank loans	31(a)	**49,678,407**	49,551,462
Loans from shareholders	31(b)	**5,020,370**	4,395,860
State loans	31(c)	**45,631**	44,880
Other loans	31(d)	**6,856,509**	5,747,581
Long-term debentures payable	31(e)	**9,794,241**	23,572,927
Convertible bonds-liability component	32	**–**	1,461,245
Lease liabilities	18(b)	**46,621**	61,492
Provisions	37	**147,142**	59,733
Deferred government grants		**1,465,681**	1,422,925
Deferred income	36	**2,753,802**	2,871,409
Deferred tax liabilities	35(a)	**1,560,912**	1,502,839
Retirement benefit obligations		**8,240**	9,929
		77,377,556	90,702,282
Net assets		**85,902,275**	73,006,440
Capital and reserves			
Share capital	38(b)	**10,227,561**	9,869,858
Perpetual capital securities	38(e)	**30,656,009**	23,506,213
Reserves	38(c)	**30,755,089**	28,032,776
Equity attributable to equity holders of the Company		**71,638,659**	61,408,847
Non-controlling interests		**14,263,616**	11,597,593
Total equity		**85,902,275**	73,006,440

The consolidated financial statement on pages 56 to 130 were approved an authorised for issue by the board of directors on 27 March 2024 and are signed on its behalf by:

Dai Jun
Director

Li Guoming
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (Expressed in Renminbi)

	Attributable to equity owners of the Company											
	Share capital RMB'000 (note 38(b))	Capital reserve RMB'000 (note 38 (c)(i))	Statutory surplus reserve RMB'000 (note 38 (c)(ii))	Discretionary surplus reserve RMB'000	Revaluation reserve RMB'000 (note 38 (c)(iii))	Fair value reserve RMB'000 (note 38 (c)(iv))	Retained profits RMB'000	Convertible bonds reserve RMB'000 (note 38 (c)(v))	Perpetual capital securities RMB'000 (note 38(e))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	9,869,858	14,977,092	4,320,839	68,089	44,726	65,990	11,933,243	41,250	22,473,349	63,794,436	12,552,278	76,346,714
Effects on adoption of Amendments to IAS 12	–	–	(3,663)	–	–	–	(34,511)	–	–	(38,174)	(868)	(39,042)
Balance at 1 January 2022 (Restated)	9,869,858	14,977,092	4,317,176	68,089	44,726	65,990	11,898,732	41,250	22,473,349	63,756,262	12,551,410	76,307,672
Profit/(loss) for the year	–	–	–	–	–	–	(915,197)	–	900,875	(14,322)	(891,211)	(905,533)
Other comprehensive income for the year (note 15)	–	–	–	–	–	27,036	–	–	–	27,036	345	27,381
Total comprehensive income/(expense) for the year	–	–	–	–	–	27,036	(915,197)	–	900,875	12,714	(890,866)	(878,152)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	13,860	13,860
Issue of perpetual capital securities	–	–	–	–	–	–	–	–	7,494,189	7,494,189	–	7,494,189
Redemption of perpetual capital securities	–	(45,497)	–	–	–	–	–	–	(6,454,503)	(6,500,000)	–	(6,500,000)
Dividends recognised as distribution (note 38(a))	–	–	–	–	–	–	(2,467,465)	–	–	(2,467,465)	–	(2,467,465)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(76,811)	(76,811)
Distributions payable to holders of perpetual capital securities (note 38(e))	–	–	–	–	–	–	–	–	(907,697)	(907,697)	–	(907,697)
Appropriation of general reserve	–	–	332,541	–	–	–	(332,541)	–	–	–	–	–
Appropriation of specific reserve	–	–	156,634	–	–	–	(156,634)	–	–	–	–	–
Utilisation of specific reserve	–	–	(89,755)	–	–	–	89,755	–	–	–	–	–
Share of reserve of associates	–	20,844	–	–	–	–	–	–	–	20,844	–	20,844
Balance at 31 December 2022	9,869,858	14,952,439	4,716,596	68,089	44,726	93,026	8,116,650	41,250	23,506,213	61,408,847	11,597,593	73,006,440

	Attributable to equity owners of the Company											
	Share capital RMB'000 (note 38(b))	Capital reserve RMB'000 (note 38 (c)(i))	Statutory surplus reserve RMB'000 (note 38 (c)(ii))	Discretionary surplus reserve RMB'000	Revaluation reserve RMB'000 (note 38 (c)(iii))	Fair value reserve RMB'000 (note 38 (c)(iv))	Retained profits RMB'000	Convertible bonds reserve RMB'000 (note 38 (c)(v))	Perpetual capital securities RMB'000 (note 38(e))	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	9,869,858	14,952,439	4,716,596	68,089	44,726	93,026	8,116,650	41,250	23,506,213	61,408,847	11,597,593	73,006,440
Profit for the year	-	-	-	-	-	-	3,593,620	-	1,007,474	4,601,094	267,351	4,868,445
Other comprehensive income for the year (note 15)	-	-	-	-	-	81,370	-	-	-	81,370	1,169	82,539
Total comprehensive income for the year	-	-	-	-	-	81,370	3,593,620	-	1,007,474	4,682,464	268,520	4,950,984
Conversion of convertible bonds	357,703	1,159,931	-	-	-	-	-	(41,250)	-	1,476,384	-	1,476,384
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,790,125	2,790,125
Issue of perpetual capital securities	-	(12,594)	-	-	-	-	-	-	19,500,000	19,487,406	-	19,487,406
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	(12,350,000)	(12,350,000)	-	(12,350,000)
Dividends recognised as distribution (note 38(a))	-	-	-	-	-	-	(2,045,512)	-	-	(2,045,512)	-	(2,045,512)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(276,891)	(276,891)
Distributions payable to holders of perpetual capital securities (note 38(e))	-	-	-	-	-	-	-	-	(1,007,678)	(1,007,678)	-	(1,007,678)
Appropriation of general reserve	-	-	387,875	-	-	-	(387,875)	-	-	-	-	-
Appropriation of specific reserve	-	-	805,661	-	-	-	(805,661)	-	-	-	-	-
Utilisation of specific reserve	-	-	(966,189)	-	-	-	966,189	-	-	-	-	-
Share of reserve of associates	-	123,208	-	-	-	-	-	-	-	123,208	7,045	130,253
Others	-	(134,969)	-	-	-	-	(1,491)	-	-	(136,460)	(122,776)	(259,236)
Balance at 31 December 2023	10,227,561	16,088,015	4,943,943	68,089	44,726	174,396	9,435,920	-	30,656,009	71,638,659	14,263,616	85,902,275

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash received from customers and others		**134,951,314**	126,904,886
Cash paid to suppliers, employees and others		**(121,247,355)**	(117,411,666)
Cash generated from operations		**13,703,959**	9,493,220
Interest paid		**(3,791,740)**	(4,235,320)
PRC enterprise income tax (paid)/refunded		**(452,311)**	161,278
Net cash generated from operating activities		**9,459,908**	5,419,178
Cash flows from investing activities			
Payment of purchase of property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets		**(10,488,433)**	(10,423,076)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets		**268,402**	996,125
Payment of investments in associates		**(270,187)**	(83,603)
Payment of purchase of financial assets at fair value through profit or loss		**–**	(42,609)
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	13,071
Interest received		**74,530**	90,305
Withdrawal of restricted deposits		**229,522**	73,924
Placement of restricted deposits		**(139,578)**	(303,285)
Dividends received		**841,884**	1,089,940
Other investing activities		**190,333**	80,215
Net cash used in investing activities		**(9,293,527)**	(8,508,993)
Cash flows from financing activities			
Debentures			
– Net proceeds from debentures		**2,000,000**	9,500,000
– Repayment of debentures		**(4,000,000)**	(7,500,000)
Loans			
– Proceeds from loans		**87,927,435**	87,394,955
– Repayment of loans		**(91,922,983)**	(82,907,489)
Lease liabilities			
– Repayment of principal portion of the lease liabilities		**(232,762)**	(304,902)
Bills financing			
– Proceeds from bank acceptance bills discounted		**2,396,796**	3,422,668
– Repayment of bank acceptance bills		**(3,822,617)**	(3,921,017)
Capital injection from non-controlling interests		**2,788,625**	13,860
Issue of perpetual capital securities		**19,500,000**	7,500,000
Repayment of perpetual capital securities		**(12,350,000)**	(6,500,000)
Dividends paid to non-controlling interests		**(276,383)**	(289,650)
Dividends distribution		**(2,004,632)**	(2,467,465)
Dividends paid to holders of perpetual capital securities		**(845,775)**	(886,725)
Other financing activities		**(61,423)**	(1,872)
Net cash (used in)/generated from financing activities		**(903,719)**	3,052,363
Net decrease in cash and cash equivalents		**(737,338)**	(37,452)
Cash and cash equivalents at beginning of the year		**5,907,615**	5,945,067
Cash and cash equivalents at end of the year	30	**5,170,277**	5,907,615

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (Expressed in Renminbi)

1. BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the "**Company**") was established in Shandong province of the People's Republic of China (the "**PRC**") on 28 June 1994 as a joint stock limited company and the office address is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company and its subsidiaries (together referred to as the "**Group**") are principally engaged in the generation and sale of electricity, heat and coal in the PRC. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The IASB has issued certain new and amendments to IFRSs that are first effective or available for early adoption for the current year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current year reflected in the consolidated financial statements.

The material accounting policies are set out below.

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and its interests in associates.

At 31 December 2023, the Group had net current liabilities of approximately RMB34,615 million and certain capital commitments (see note 41). The directors of the Company are of the opinion that, taking into account the current operation of the Group, the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, these consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial instruments, which are measured at fair value (see note 2(k)).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases* ("**IFRS 16**"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* ("**IAS 2**"), or value in use in IAS 36 *Impairment of Assets* ("**IAS 36**").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(b) Basis of preparation of consolidated financial statements *(Continued)*

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement made by management in the application of IFRSs that have significant effects on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entitles controlled by the Group. Control is achieved when the Group:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

– the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Group, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the Group's relevant components of equity and non-controlling interests within consolidated equity to reflect the change in relative interests, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group capitalises the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than mining structures and mining rights, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

—	Building	20 – 45 years
—	Generators, machinery and equipment	5 – 20 years
—	Motor vehicles, furniture, fixtures, equipment and others	5 – 10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(e) Leases

As a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

—	Building	20 – 45 years
—	Generators, machinery and equipment	5 – 20 years
—	Land use rights and sea use rights	10 – 70 years

(ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflects the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(iii) Sale and leaseback transaction

The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**") to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9 *Financial Instruments* ("**IFRS 9**").

(f) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(l)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(d) above when the relevant assets are completed and ready for their intended use.

(g) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses (note 2(l)(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Investment property *(Continued)*

Depreciation is recognised so as to write off the cost of investment properties after taking into account of their estimated residual value, using the straight-line method over their estimated useful lives of 20 to 45 years. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

(h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses (see note 2(l)(ii)), if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(i) Intangible assets (other than goodwill)

When the Group has a right to charge for usage of the concession infrastructure as consideration for providing construction services in a service concession arrangement, it recognises an intangible asset at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and impairment losses (see note 2(l)(ii)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see note 2(l)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

—	Concession assets	the shorter of remaining concession period or 25 years
—	Development right of hydropower	45 years
—	Others	5 – 10 years

Both the period and method for amortisation are reviewed annually.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(j) Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(j) Interests in associates *(Continued)*

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

When there is an objective evidence indicating that the net investments in associates may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss.

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

(k) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, and associates, are as follows:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**"), for which transaction costs are recognised directly in profit or loss.

Investments other than equity securities

Non-equity securities held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms of the non-equity securities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A gain or loss on an investment that is subsequently measured at amortised cost is recognised in profit or loss when the investment is derecognised or impaired. Interest income from these investments is included in investment income using the effective interest method.

  The Group assesses on a forward looking basis the expected credit losses associated with its non-equity securities carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk (see note 2(l)(i)).

– FVPL, if the investments does not meet the criteria for being measured at amortised cost or financial assets at fair value through other comprehensive income ("FVOCI") (recycling). Changes in the fair value of the investment are recognised in profit or loss.

Equity securities

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition. The Group makes an irrevocable election to designate the investment of FVOCI such that subsequent change in fair value is recognised in other comprehensive income. Dividends from an investment in equity securities classified as at FVPL are recognised in profit or loss as other income in accordance with the policy set out in note 2(s)(iv).

(l) Impairment of assets

(i) Impairment of financial asset

The Group recognises loss allowances for expected credit loss (the "**ECL**") on trade debtors and bills receivables related to sales of electricity, heat and coal, other receivables, restricted deposits, cash and cash equivalents and other financial assets measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

(1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and

(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Impairment of assets *(Continued)*

(i) Impairment of financial asset *(Continued)*

For trade debtors and bills receivables related to sale of electricity, heat and coal, the Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. The Group performs impairment assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For restricted deposits and cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the year was limited to 12-month ECLs.

For all other instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be credit-impaired when:

(1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

(2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, and impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– construction in progress;

– investment properties;

– intangible assets;

– goodwill;

– investments in subsidiaries, associates and in the Company's statement of financial position; and

– other non-current assets (other than financial assets).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(l) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

– **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– **Recognition of impairment losses**

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, if measurable, or value in use, if determinable.

– **Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade debtors and bills receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If the Group holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 2(l)(i)).

For certain bills receivable that are managed with a business model under which bills receivable are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date, they are initially recognised at fair value and thereafter stated at fair value through other comprehensive income. Subsequent changes in the carrying amounts of bills receivable as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables, if any, are recognised in other comprehensive income and accumulated under fair value reserve (recycling).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 2(l)(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any interests are discretionary. Interest on perpetual capital securities classified as equity are recognised as distributions within equity.

(ii) Convertible bonds that contain equity component

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to capital reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

(iii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payable, amount due to the parent company, trade creditors and bills payable, other payables and long-term debentures payable, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

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

(q) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Electricity Income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat Income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Sale of coal

Revenue is recognised when control of the goods has transferred, being when the goods are delivered to and have been accepted by customers.

(iv) Other income

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised as it accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Revenue recognition *(Continued)*

(iv) Other income *(Continued)*

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in which they become receivable.

Upfront installation fees

Upfront installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(t) Income tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(t) Income tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost that of asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete

(v) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has signification influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(w) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(Continued)*

(vii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

The Group's most senior executive management ("**the chief operating decision makers**") review the Group's revenue and profits as a whole for the purposes of allocating resources and assessing the performance (note 5).

(y) Dividends

Dividends are recognised as a liability in the period in which they are declared.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS

(a) New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") which are effective for the Group's financial year beginning on 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two Model Rules

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS *(Continued)*

(a) New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings or other component of equity as appropriate at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The Group previously applied IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption. Upon application of the amendments, the Group has recognised a separate deferred tax asset and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

There is no impact on the cash flows for both years.

The impacts of the amendments on each financial line item and loss per share are as follow:

	For the year ended 31 December 2022 *RMB'000*
Impact on loss and total comprehensive expense for the year	
Increase in income tax credit	16,573
Decrease in loss and total comprehensive expense for the year attributable to:	
– Equity holders of the Company	16,469
– Non-controlling interests	104
	16,573
Impact on basic and diluted loss per share (RMB)	
Basic and diluted loss per share before adjustments	(0.094)
Adjustments arising from change in accounting policy	0.001
Reported basic and diluted loss per share	(0.093)

Impact on the consolidated statement of financial position as at 1 January 2022 and 31 December 2022

	At 31 December 2022 *RMB'000* *(as originally stated)*	Adjustments *RMB'000*	At 31 December 2022 *RMB'000* *(Restated)*
Deferred tax assets	2,858,796	(1,881)	2,856,915
Deferred tax liabilities	(1,482,251)	(20,588)	(1,502,839)
Reserves	28,054,481	(21,705)	28,032,776
Non-controlling interests	11,598,357	(764)	11,597,593
Net assets	73,028,909	(22,469)	73,006,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS *(Continued)*

(a) New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

Impact on application of Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction *(Continued)*

Impact on the consolidated statement of financial position as at 1 January 2022 and 31 December 2022 *(Continued)*

	At 1 January 2022 *RMB'000* *(as originally stated)*	Adjustments *RMB'000*	At 1 January 2022 *RMB'000* *(Restated)*
Deferred tax assets	2,289,323	(1,966)	2,287,357
Deferred tax liabilities	(1,690,353)	(37,076)	(1,727,429)
Reserves	31,451,229	(38,174)	31,413,055
Non-controlling interests	12,552,278	(868)	12,551,410
Net assets	76,346,714	(39,042)	76,307,672

(b) Amendments to IFRSs issued but are not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1	Non-current Liabilities with Covenants[1]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[1]
Amendments to IAS 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 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgment

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2(b).

(b) Controls in subsidiaries

Although the Group does not hold over 50% equity interests, directly or indirectly, in certain subsidiaries, the directors of the Company assessed the Group's control over those on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgment, the directors of the Company consider the Group has sufficient representation in the board of directors of those subsidiaries, so the Group has the power over those subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical accounting judgment (Continued)

(c) Significant influence over the associates

As per note 22, the directors of the Company considered certain associates in which the Group has less than 20% equity interests, as associates of the Group. The Group has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these investees so as to have significant influence in their activities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimated impairment of goodwill

The Group performs impairment assessment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Recoverable amount is the higher of its value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU(s) in which the goodwill is allocated, and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, further impairment loss may arise. As at 31 December 2023, the carrying amount of goodwill is RMB1,032,483,000 (2022: RMB1,032,483,000) (net of accumulated impairment loss of RMB805,868,000 (2022: RMB805,868,000)). Details of the impairment assessment are disclosed in note 21.

(b) Estimated impairment of property, plant and equipment, intangible assets, right-of-use assets and construction in progress

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less cost of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of property, plant and equipment, intangible assets, right-of-use assets and construction in progress amounting to RMB483,668,000 (2022: RMB432,890,000), RMB14,698,000 (2022: RMBnil), RMBnil (2022: RMBnil), RMB15,037,000 (2022: RMB513,876,000), respectively, were recognised in the consolidated financial statements for the year ended 31 December 2023 (Note 11(a)) and details of the impairment assessment are set out in notes 17 and 19.

(c) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on the Group's trade and other receivables are disclosed in notes 27, 28 and 43(b).

(d) Depreciation and amortisation

Property, plant and equipment, right-of-use assets, investment properties and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty (Continued)

(e) Deferred tax assets

As disclosed in note 35(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

5. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

Turnover represents the sale of electricity, heat and coal. Major components of the Group's turnover are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Sale of electricity	**96,151,641**	95,495,823
– Sale of heat	**9,623,874**	8,970,609
– Sale of coal	**10,600,549**	1,493,907
	116,376,064	105,960,339

The revenue from sale of electricity, heat and coal is recognised at a point in time.

(b) Segment information

The chief operating decision makers review the Group's revenue and profit as a whole, which are determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the consolidated financial statements.

Geographical information

The Group's non-current assets are mainly located in the PRC. The Group's major customers are based in the PRC which are the power grid operators in relation to the sale of electricity.

Information about major customers

In 2023, the revenue from two (2022: two) regional and provincial power grid operators accounted for 39% (2022: 47%) of external revenue, each of which contributing to over 10% of the total sales of the Group. Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2023 ***RMB'000***	2022 *RMB'000*
Customer A*	**33,337,419**	35,470,043
Customer B*	**11,752,489**	14,603,841

* Revenue from sale of electricity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

6. PERSONNEL COSTS

	2023 RMB'000	2022 RMB'000
Wages, welfare and other benefits	**5,194,659**	4,621,061
Retirement benefits (note 40)	**2,087,668**	1,941,459
Other staff costs	**781,658**	591,026
	8,063,985	7,153,546

7. TAXES AND SURCHARGES

During the year, taxes and surcharges of the Group with the amount of approximately RMB975 million (2022: RMB872 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

8. INVESTMENT INCOME

	2023 RMB'000	2022 RMB'000
Dividend income from financial assets measured at FVPL	**4,540**	3,413
Interest on loans and receivables	**14,878**	14,878
Gain (loss) on closure of a subsidiary	**7,278**	(1,543)
Loss on disposal of financial assets measured at FVOCI	**(8,850)**	(8,075)
	17,846	8,673

9. OTHER REVENUE AND NET INCOME

	2023 RMB'000	2022 RMB'000
Other revenue		
Government grants (Note)	**686,491**	757,986
Revenue from upfront installation fees for heating networks (note 36)	**232,880**	227,492
Others	**234,760**	119,415
	1,154,131	1,104,893
Other net income		
Gain on disposal of property, plant and equipment, and intangible assets	**159,137**	221,101
Net income from sale of materials	**458,079**	783,121
Others	**(183,705)**	(230,862)
	433,511	773,360

Note: Government grants mainly represent the grants from government for purchase of coal, power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

10. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on loans and other financial liabilities	**3,763,708**	4,232,436
Interest on lease liabilities	**8,825**	19,524
Interest on convertible bonds (note 32)	**15,137**	57,011
Other finance costs	**27,291**	34,889
Net foreign exchange loss	**6,441**	5,489
Less: interest capitalised	**(145,271)**	(218,155)
	3,676,131	4,131,194

The borrowing costs have been capitalised at an average rate of 3.27% (2022: 3.61%) per annum for construction in progress.

11. PROFIT (LOSS) BEFORE TAXATION

(a) Profit (loss) before taxation is arrived at after charging and (crediting):

	2023 RMB'000	2022 RMB'000
Amortisation		
– Intangible assets	**119,702**	111,552
Depreciation		
– Property, plant and equipment	**10,078,768**	9,631,805
– Right-of-use assets	**304,004**	292,150
– Investment properties	**2,192**	1,991
Total depreciation and amortisation	**10,504,666**	10,037,498
Auditor's remuneration		
– Audit services	**6,250**	6,950
– Non-audit services	**1,250**	1,250
Cost of inventories recognised	**85,195,334**	84,093,710
(Reversal of impairment losses) impairment losses under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivables	**(5,482)**	41,372
– Deposits, other receivables and prepayments	**(215,958)**	3,528
Write down of inventories, net	**13,277**	1,434
Impairment losses on non-financial assets (included in administration expenses):		
– Property, plant and equipment	**483,668**	432,890
– Construction in progress	**15,037**	513,876
– Goodwill (note 21)	**–**	167,218
– Intangible assets (note 20)	**14,698**	–
Expense relating to short-term leases	**57,245**	54,991

(b) Other operating expenses

	2023 RMB'000	2022 RMB'000
Heating	**557,614**	629,329
Power charges	**272,037**	298,015
Water charges	**454,525**	435,405
Others	**27,587**	36,495
Total other operating expenses	**1,311,763**	1,399,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

12. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executives' and supervisors' emoluments are as follows:

2023	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Executive directors					
Dai Jun	–	–	–	–	–
Chen Bin (Note i)*	–	307	90	572	969
Li Guoming	–	272	95	503	870
Non-executive directors					
Ni Shoumin (Note vi)	–	–	–	–	–
Peng Xingyu (Note iii)	–	–	–	–	–
Zhao Bing (Note ii)	–	–	–	–	–
Zhang Zhiqiang	–	–	–	–	–
Li Pengyun (Note iii)	–	–	–	–	–
Li Qiangde (Note ii)	–	–	–	–	–
Cao Min (Note ii)	–	–	–	–	–
Wang Xiaobo	–	–	–	–	–
Independent non-executive directors					
Feng Zhenping	163	–	–	–	163
Li Xingchun	163	–	–	–	163
Li Menggang (Note v)	54				54
Wang Yuesheng	163	–	–	–	163
Shen Ling (Note iv)	105	–	–	–	105
Supervisors					
Chen Wei (Note vii)	–	–	–	–	–
Liu Shujun (Note viii)	–	–	–	–	–
Ma Jingan	–	272	82	503	857
Zhang Peng (Note ix)	–	215	58	379	652
Tang Xiaoping (Note x)	–	43	11	76	130
	648	1,109	336	2,033	4,126

* Mr. Chen Bin, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

(i) Mr. Chen Bin was elected as executive director at the company's annual general meeting of shareholders on 31 May 2023.

(ii) Mr. Zhao Bing, Mr. Li Qiangde and Ms. Cao Min were elected as non-executive directors at the company's annual general meeting on 31 May 2023.

(iii) Mr. Li Pengyun and Mr. Peng Xingyu resigned as non-executive directors on 31 May 2023.

(iv) Ms. Shen Ling was elected as an independent non-executive director at the company's annual general meeting on 31 May 2023.

(v) Mr. Li Menggang resigned as independent non-executive Director on 31 May 2023.

(vi) Mr. Ni Shoumin resigned as Vice Chairman and Non-executive Director on 31 May 2023.

(vii) Mr. Chen Wei resigned as Chairman of the Supervisory Committee on 31 May 2023.

(viii) Mr. Liu Shujun was elected as a Supervisor at the Company's Annual General Meeting of Shareholders on 31 May 2023, and was elected as the Chairman of the Supervisory Board at the first meeting of the 10th Supervisory Board on 31 May 2023.

(ix) Zhang Peng resigned as supervisor on 3 November 2023.

(x) Mr. Tang Xiaoping was elected as supervisor in the employee election on 3 November 2023.

(xi) No directors, supervisors, or the chief executive of the Company waived emoluments in 2023 (2022: Nil) and their emoluments shown above were mainly for their services as directors of the Company.

(xii) The discretionary bonus is determined by the Remuneration Committee having regard to his performance and the Company's performance and profitability and the prevailing market conditions.

(xiii) No payment is made as compensation to terminate the service as directors for both years.

(xiv) No performance related incentive payment is made for the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

12. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS *(Continued)*

Details of directors', chief executives' and supervisors' emoluments are as follows: *(Continued)*

2022	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Retirement benefits *RMB'000*	Bonuses *RMB'000*	Total *RMB'000*
Executive directors					
Dai Jun (Note i)	–	–	–	–	–
Luo Xiaoqian* (Note ii)	–	398	69	459	926
Li Guoming (Note iii)	–	173	36	197	406
Ding Huande (Note iv)	–	–	–	200	200
Feng Rong (Note v)	–	172	28	207	407
Non-executive directors					
Ni Shoumin	–	–	–	–	–
Peng Xingyu	–	–	–	–	–
Zhang Zhiqiang	–	–	–	–	–
Li Pengyun	–	–	–	–	–
Wang Xiaobo	–	–	–	–	–
Independent non-executive directors					
Feng Zhenping	140	–	–	–	140
Li Xingchun	140	–	–	–	140
Li Menggang	140	–	–	–	140
Wang Yuesheng	140	–	–	–	140
Supervisors					
Chen Wei	–	–	–	–	–
Ma Jing'an	–	356	55	404	815
Zhang Peng	–	328	55	368	751
	560	1,427	243	1,835	4,065

* Mr.Luo Xiaoqian, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

(i) Mr. Dai Jun appointed as executive director on 24 August 2022.

(ii) Mr. Luo Xiaoqian resigned as member of the nomination committee and executive director on 31 May 2023 and as the general manager on 30 December 2022.

(iii) Mr. Li Guoming appointed as executive director and the chief financial officer on 24 August 2022.

(iv) Mr. Ding Huande resigned as executive director, the chairman of the Board, and the chairman of the Strategic Committee on 24 August 2022.

(v) Mr.Feng Rong resigned as executive director and the chief financial officer on 15 June 2022.

(vi) No directors, supervisors, or the chief executive of the Company waived any remuneration in 2022 (2021: Nil) and their emoluments shown above were mainly for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2022: two directors), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Salaries and other emoluments	**815**	1,057
Retirement benefits	**233**	176
Bonus	**1,514**	1,240
	2,562	2,473

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within following bands is as follows:

	2023 Number of Individuals	2022 Number of Individuals
Nil-Hong Kong Dollars ("**HK$**") 1,000,000	**3**	3

14. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 *RMB'000*	2022 *RMB'000* (Restated)
Current tax – PRC Enterprise Income Tax		
Charge for the year	**553,903**	173,079
Over-provision in respect of prior years	**(1,724)**	(10,325)
	552,179	162,754
Deferred tax (note 35(a))		
Origination and reversal of temporary differences and tax losses	**422,084**	(794,148)
Income tax expense (credit) in the consolidated statement of profit or loss and other comprehensive income	**974,263**	(631,394)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

14. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

(b) Reconciliation between income tax and accounting profit (loss) at applicable tax rates:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Profit (loss) before taxation	**5,842,708**	(1,536,927)
Notional PRC enterprise income tax at statutory tax rate of 25% (2022: 25%)	**1,460,677**	(384,232)
Tax effect of non-deductible expenses	**85,941**	80,744
Tax effect of non-taxable income	**(13,037)**	(14,850)
Preferential tax rate on subsidiaries' profit or loss (Note a)	**(13,345)**	(4,616)
Tax effect of share of results of associates	**(939,652)**	(1,199,159)
Tax effect of tax losses and deductible temporary differences not recognised	**546,772**	933,338
Utilisation of tax losses and deductible temporary differences previously not recognised	**(21,470)**	(32,294)
Additional deduction of environmental friendly equipments (Note b)	**(129,899)**	–
Over-provision in respect of prior years	**(1,724)**	(10,325)
	974,263	(631,394)

Notes:

(a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% (2022: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Group, which are taxed at preferential rate of either 15% or 20% (2022: tax exempted, taxed at preferential rate of 15%).

(b) In accordance with relevant enterprise income tax rules and regulations, additional tax deduction is granted to the PRC company which acquires for environmental friendly equipment during the financial year.

15. OTHER COMPREHENSIVE INCOME

	2023	2022
	RMB'000	*RMB'000*
Share of other comprehensive income of investees accounted for under the equity method	**18,426**	34,746
Share of other comprehensive income (expense) (non-recycling) of investees accounted for under the equity method	**64,113**	(7,365)
Other comprehensive income, net of income tax	**82,539**	27,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

16. EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

The calculation of basic earnings (loss) per share is based on the profit (loss) attributable to equity shareholders of the Company for the year and divided by the weighted average number of ordinary shares in issue during the year.

	2023 ***RMB'000***	2022 *RMB'000* *(Restated)*
Profit (loss) attributable to equity holders of the Company	**4,601,094**	(14,322)
Less: Profit attributable to holders of perpetual capital securities (note 38(e))	**(1,007,474)**	(900,875)
Profit (loss) attributable to equity shareholders (Earnings (loss) for the purpose of basic earnings (loss) per share)	**3,593,620**	(915,197)
Weighted average number of ordinary shares in issue (Rounded to the nearest thousand)	**10,122,960**	9,869,858
Basic earnings (loss) per share (RMB)	**0.355**	(0.093)

(b) Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume exercise/conversion of all dilutive potential ordinary shares. During the year ended 31 December 2023, the Company has 1 (2022: 1) category of dilutive potential ordinary shares which is the convertible bonds (note 32). They are assumed to have been converted into ordinary shares, and profits attributable to the equity shareholders of the Company is adjusted to eliminate the interest expenses of the convertible bonds.

	2023 ***RMB'000***
Profit attributable to equity shareholders	**3,593,620**
Add: interest expense on liability component of convertible bonds	**15,137**
Earnings for the purpose of diluted earnings per share	**3,608,757**

	2023 ***'000***
Weighted average number of ordinary shares for the purpose of basic earnings per share	**10,122,960**
Effect of dilutive potential ordinary shares: convertible bonds	**104,601**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**10,227,561**
Diluted earnings per share (RMB)	**0.353**

The diluted loss per share for the year ended 31 December 2022 is the same as the respective basic loss per share because the conversion of convertible bonds will have an anti-dilutive effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Generators machinery and equipment *RMB'000*	Mining structures and mining rights *RMB'000*	Motor vehicles furniture, fixtures, equipment and others *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2022	66,124,054	146,379,745	6,021,573	4,757,112	223,282,484
Additions	149,326	302,844	–	136,961	589,131
Transferred from construction in progress (note 19)	4,082,920	7,392,867	–	604,509	12,080,296
Disposals/write-offs	(161,595)	(1,000,880)	–	(177,579)	(1,340,054)
At 31 December 2022 and 1 January 2023	**70,194,705**	**153,074,576**	**6,021,573**	**5,321,003**	**234,611,857**
Additions	**7,934**	**2,720,891**	**614,934**	**139,861**	**3,483,620**
Transferred from construction in progress (note 19)	**3,697,152**	**11,550,578**	**–**	**622,633**	**15,870,363**
Disposals/write-offs	**(2,164,729)**	**(1,621,394)**	**–**	**(146,689)**	**(3,932,812)**
At 31 December 2023	**71,735,062**	**165,724,651**	**6,636,507**	**5,936,808**	**250,033,028**
Accumulated depreciation and impairment					
At 1 January 2022	21,565,534	68,411,859	4,896,094	2,770,858	97,644,345
Charge for the year	2,071,938	6,898,033	2,474	659,360	9,631,805
Written back on disposals	(125,769)	(967,477)	–	(174,940)	(1,268,186)
Impairment loss (note (i))	13,651	335,091	–	84,148	432,890
At 31 December 2022 and 1 January 2023	**23,525,354**	**74,677,506**	**4,898,568**	**3,339,426**	**106,440,854**
Charge for the year	**2,224,537**	**7,165,162**	**36,131**	**652,938**	**10,078,768**
Written back on disposals	**(132,410)**	**(1,313,581)**	**–**	**(141,237)**	**(1,587,228)**
Impairment loss (note (i))	**86,490**	**396,037**	**–**	**1,141**	**483,668**
At 31 December 2023	**25,703,971**	**80,925,124**	**4,934,699**	**3,852,268**	**115,416,062**
Net book value					
At 31 December 2023	**46,031,091**	**84,799,527**	**1,701,808**	**2,084,540**	**134,616,966**
At 31 December 2022	46,669,351	78,397,070	1,123,005	1,981,577	128,171,003

Notes:

(i) Impairment loss

Each power generation plant or coal mining company constitutes a CGU. During the both reporting periods, certain property, plant and equipment became damaged, idle or obsolete due to government policies on environmental protection, energy conservation and/or emission reduction. The management assessed the recoverable amount of the property, plant and equipment and other relevant non-current assets (including allocated goodwill) within the CGU relating to power generation plants, after taking into account the Group's future power generation operating plans and the outlook for the industry. In addition, in the assessment of the recoverable amount of the property, plant and equipment relating to coal mining companies, the management takes into account the changes in the external market, the coal production and operation efficiency of the Group. Based on the impairment testing results, the carrying value of property, plant and equipment and intangible assets of the Group were impaired by approximately RMB484 million and RMB15 million respectively (2022: RMB433 million and nil), with impairment losses recognised in profit or loss accordingly.

The recoverable amount of the relevant CGUs had been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period (2022: five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2022: zero growth rates). The cash flows are discounted using a discount rate from 7.25% to 11.37% (2022: 7.00% to 11.00%). The discount rates used are pre-tax and reflect specific risks relating to the relevant group of assets.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where the power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of these units.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of approximately RMB964 million as at 31 December 2023 (2022: RMB1,114 million).

(iii) As at 31 December 2023, the carrying value of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by the Group for financing purposes (note 31(d)) during the year was approximately RMB828 million (2022: RMB1,120 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

18. LEASE

The Group as a lessee

The Group has lease contracts for various items of buildings, generators, machinery and equipment, land use rights and sea use rights that were used in its operations. Leases of buildings, generators, machinery and equipment generally have lease terms between 6 months and 50 years (2022: between 6 months and 45 years), while land use rights and sea use rights generally have lease terms between 10 and 70 years (2022: between 10 and 70 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

(i) The carrying amounts of the Group's right-of-use assets are as follows:

	2023	2022
	RMB'000	*RMB'000*
Buildings	**52,593**	98,498
Generators, machinery and equipment	**–**	488,593
Land use rights and sea use rights	**5,302,800**	5,392,516
Total	**5,355,393**	5,979,607

During the year ended 31 December 2023, additions to new buildings, new machineries and land use rights are amounted to RMB17,321,000, RMB616,000 and RMB107,671,000, respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	2023	2022
	RMB'000	*RMB'000*
Buildings	**62,554**	59,731
Generators, machinery and equipment	**44,907**	69,423
Land use rights and sea use rights	**196,543**	162,996
Total	**304,004**	292,150

(b) Lease liabilities

Amounts payable under lease liabilities

	2023	2022
	RMB'000	*RMB'000*
Within one year	**24,635**	218,402
After one year and within two years	**16,921**	20,937
After two years and within five years	**13,542**	31,254
After five years	**16,158**	9,301
	71,256	279,894
Analysed into:		
Current portion	**24,635**	218,402
Non-current portion	**46,621**	61,492

The weighted average incremental borrowing rates applied to lease liabilities range from 2.27% to 4.90% (2022: 4.20% to 5.39%). The total cash outflow for leases for the year ended 31 December 2023 was RMB363,131,000 (2022: RMB304,902,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

19. CONSTRUCTION IN PROGRESS

	2023 RMB'000	2022 RMB'000
At 1 January	**14,842,864**	15,804,052
Additions	**8,395,404**	11,632,984
Transferred to property, plant and equipment (note 17)	**(15,870,363)**	(12,080,296)
Impairment loss (Note)	**(15,037)**	(513,876)
At 31 December	**7,352,868**	14,842,864

Note:

During the both reporting years, it was identified that certain preliminary projects of the Group have no economic value for further development or remote possibility of obtaining relevant approval of the National Development and Reform Commission or its local agencies. As a result, the gross carrying amount of these projects of approximately RMB192 million (2022: RMB626 million) was written down to its recoverable amount of RMB177 million (2022: RMB112 million) as of 31 December 2023. The recoverable amounts of these assets are based on their fair value less costs of disposal. In addition, certain preliminary projects with a gross amount of RMB0.43 million (2022: RMB24 million) which had previously been fully impaired, were written off in 2023. As of 31 December 2023, the accumulated impairment loss of construction in progress was approximately RMB910 million (2022: RMB895 million).

20. INTANGIBLE ASSETS

	Concession assets RMB'000	Development right of hydropower RMB'000	Others RMB'000	Total RMB'000
Cost				
At 1 January 2022	67,039	1,382,954	864,356	2,314,349
Additions	–	–	173,962	173,962
Disposals	(583)	–	(22,686)	(23,269)
At 31 December 2022 and 1 January 2023	**66,456**	**1,382,954**	**1,015,632**	**2,465,042**
Additions	**–**	**–**	**90,081**	**90,081**
Disposals	**–**	**–**	**(11,900)**	**(11,900)**
At 31 December 2023	**66,456**	**1,382,954**	**1,093,813**	**2,543,223**
Accumulated amortisation				
At 1 January 2022	3,873	31,634	378,215	413,722
Charge for the year	2,675	19,518	89,359	111,552
Written back on disposals	–	–	(91)	(91)
At 31 December 2022 and 1 January 2023	**6,548**	**51,152**	**467,483**	**525,183**
Charge for the year	**5,552**	**20,075**	**94,075**	**119,702**
Impairment loss	**–**	**14,698**	**–**	**14,698**
Written back on disposals	**–**	**–**	**(8,491)**	**(8,491)**
At 31 December 2023	**12,100**	**85,925**	**553,067**	**651,092**
Net book value				
At 31 December 2023	**54,356**	**1,297,029**	**540,746**	**1,892,131**
At 31 December 2022	**59,908**	**1,331,802**	**548,149**	**1,939,859**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

20. INTANGIBLE ASSETS *(Continued)*

Intangible assets mainly represent concession assets to operate power plants granted by the government under service concession arrangements and development right of hydropower.

The amortisation recognised for the year amounting to approximately RMB120 million (2022: RMB112 million) is included in "Depreciation and amortisation" in the consolidated statement of profit or loss and other comprehensive income.

21. GOODWILL

	2023 RMB'000	2022 RMB'000
Cost		
At 1 January and 31 December	**1,838,351**	1,838,351
Impairment losses		
At 1 January	**805,868**	638,650
Impairment loss recognised during the year (note 11)	**–**	167,218
At 31 December	**805,868**	805,868
Net book value		
At 31 December	**1,032,483**	1,032,483

The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	2023 RMB'000	2022 RMB'000
Huadian Weifang Power Generation Company Limited	**20,845**	20,845
Hangzhou Huadian Banshan Power Generation Company Limited	**59,322**	59,322
Hebei Huarui Energy Group Corporation Limited	**38,491**	38,491
Lixian Star River Hydropower Company Limited	**89,184**	89,184
Hubei Power Generation	**427,679**	427,679
Hunan Area Companies	**389,538**	389,538
Others	**7,424**	7,424
Total	**1,032,483**	1,032,483

During the year ended 31 December 2023, no impairment loss is recognised (2022: RMB167 million).

The basis of the recoverable amounts of the CGUs containing goodwill and their major underlying assumptions are summarised below:

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2022: a five-year period). Cash flows beyond the five-year period are projected using zero growth rate (2022: zero growth rates). The cash flows are discounted using a discount rate of 7.25% to 11.37% (2022: 7.00% to 11.00%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount of these units.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**44,339,913**	41,581,300
Less: impairment loss	**(99,290)**	(99,290)
	44,240,623	41,482,010
Fair value of listed investment (Note)	**343,388**	348,314

Note: The fair value of the listed investment is determined based on the quoted market bid price at the Shenzhen Stock Exchange in the PRC multiplied by the quantity of share held by the Group.

(a) General information of associates

The following list contains only the particulars of associates as at 31 December 2023, all of which are limited liability companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up Capital RMB'000	Proportion of ownership interest and voting rights: Held by the Company %	Held by subsidiaries %	Principal activities
Otog Front Banner Changcheng No.3 Mining Company Limited ("**Changcheng No.3 Mining**") 鄂托克前旗長城三號礦業有限公司	1,414,596 (2022:1,246,307) (Note (iii))	35.00	–	Production and sale of coal
China Huadian Finance Corporation Limited ("**China Huadian Finance**") 中國華電集團財務有限公司	5,541,117	14.85 (Note (i))	–	Provision of corporate financial service to its group companies
Huadian Coal Industry Group Company Limited ("**Huadian Coal**") 華電煤業集團有限公司	3,657,143	11.82 (Note (i))	1.16	Provision of coal procurement service
Ningxia Yinxing Coal Company Limited ("**Yinxing Coal**") 寧夏銀星煤業有限公司	1,069,950	50.00 (Note (ii))	–	Production and sale of coal
Otog Front Banner Changcheng No. 5 Mining Company Limited ("**Changcheng No.5 Mining**") 鄂托克前旗長城五號礦業有限公司	765,616 (2022:653,995) (Note (iii))	35.00	–	Production and sale of coal
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35.00	–	Production and sale of coal
Huadian Property Company Limited 華電置業有限公司	2,697,500	8.31 (Note (i))	1.07	Property development
Huadian Jinsha River Upstream Hydropower Development Company Limited ("**Jinsha River Hydropower Company**") 華電金沙江上游水電開發有限公司	6,647,709 (2022:6,398,270) (Note (iii))	12.00 (Note (i))	–	Generation and sale of electricity
Otog Front Banner Changcheng Mine Company Limited ("**Changcheng Mine**") 鄂托克前旗長城煤礦有限公司	838,171 (2022: 756,270) (Note (iii))	35.00	–	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited ("**Fucheng Mining Company**") 內蒙古福城礦業有限公司	1,045,475 (2022:937,369) (Note (iii))	35.00	–	Sale of ores steels products
Ningxia Western Venture Industrial Co., Ltd. ("**Ningxia West**") 寧夏西部創業實業股份有限公司	1,458,375	4.87 (Note (i))	–	Railway development and management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES *(Continued)*

(a) General information of associates *(Continued)*

Name of company	Paid up Capital RMB'000	Proportion of ownership interest and voting rights: Held by the Company %	Proportion of ownership interest and voting rights: Held by subsidiaries %	Principal activities
CNNP CHD Hebei Nuclear Power Company Limited ("**Hebei Nuclear Power**") 中核華電河北核電有限公司	441,850 (2022: 421,102) (Note (iii))	39.00	–	Generation and sale of electricity
Huadian New Energy Group Corporation Limited ("**Huadian New Energy**") 華電新能源集團股份有限公司	36,000,000	31.03	–	Generation and sale of electricity and heat

Notes:

(i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.

(ii) The Group holds 50% ownership of Yinxing Coal. According to the articles of associations of Yinxing Coal, the financial and operating policy decisions do not require unanimous consent of the parties sharing control. Thus, Yinxing Coal is accounted for as an associate of the Company.

(iii) During the year ended 31 December 2023, the Group has made capital injections into these associates with aggregate amount of RMB740 million. There are no changes in ownership interests and voting rights after the injection. Amount of RMB469 million of the above mentioned capital injections into the associates is offset by the dividends paid from those associates.

(iv) The English translation of the names is for identification only. The official names of these entities are in Chinese.

(b) Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

(i) Huadian Coal

	2023 *RMB'000*	2022 *RMB'000*
Current assets	**15,349,847**	19,610,513
Non-current assets	**73,026,023**	73,191,531
Current liabilities	**(22,642,209)**	(30,565,380)
Non-current liabilities	**(27,349,982)**	(27,311,834)

	2023 *RMB'000*	2022 *RMB'000*
Revenue	**44,373,196**	44,539,298
Profit for the year	**8,375,590**	5,881,042
Other comprehensive income for the year	**495,914**	222,362
Total comprehensive income for the year	**8,871,504**	6,103,404
Dividends received during the year	**401,544**	674,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES *(Continued)*

(b) Summarised financial information of material associates *(Continued)*

(i) Huadian Coal *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian Coal recognised in the consolidated financial statements:

	2023	2022
	RMB'000	*RMB'000*
Net assets	**38,383,679**	34,924,830
Non-controlling interests of Huadian Coal	**(14,147,223)**	(12,969,699)
Proportion of the Group's ownership interest	**12.98%**	12.98%
Carrying amount of the Group's interest	**3,145,892**	2,849,776

(ii) Huadian New Energy

	2023	2022
	RMB'000	*RMB'000*
Current assets	**46,870,621**	39,744,423
Non-current assets	**298,572,682**	243,033,319
Current liabilities	**(82,654,089)**	(73,627,328)
Non-current liabilities	**(162,352,417)**	(118,677,812)

	2023	2022
	RMB'000	*RMB'000*
Revenue	**29,543,155**	24,452,732
Profit for the year	**10,109,827**	10,622,001
Other comprehensive income for the year	**216,287**	18,488
Total comprehensive income for the year	**10,326,114**	10,640,489

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian New Energy recognised in the consolidated financial statements:

	2023	2022
	RMB'000	*RMB'000*
Net assets	**100,436,797**	90,472,602
Non-controlling interests of Huadian New Energy	**(6,039,981)**	(5,255,960)
Proportion of the Group's ownership interest	**31.03%**	31.03%
Carrying amount of the Group's interest	**29,291,332**	26,442,724

(c) Aggregate information of associates that are not individually material

	2023	2022
	RMB'000	*RMB'000*
The Group's share of profit and total comprehensive income for the year	**228,808**	1,446,485
Aggregate carrying amount of the Group's interests in these associates	**11,803,399**	12,189,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES *(Continued)*

(d) Unrecognised share of losses of associates

	2023	2022
	RMB'000	*RMB'000*
The unrecognised share of losses of associates for the year	**(263,926)**	(113,338)
Cumulative unrecognised share of losses of associates	**(561,477)**	(297,551)

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	RMB'000	*RMB'000*
Unlisted equity securities, at FVPL	**351,434**	370,055

The above unlisted equity securities are issued by private entities incorporated in the PRC.

The fair value of unlisted equity securities is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.

24. OTHER NON-CURRENT ASSETS

	2023	2022
	RMB'000	*RMB'000*
Financial assets		
– Other long-term receivables with fixed-rate and non-current feature (Note)	**155,045**	231,354
Deductible Value Added Tax and other tax	**279,859**	573,809
Other	**36,736**	18,773
	471,640	823,936

Note:

Other long-term receivables are balances due from an associate and carry interest at 4.75%, and will be repaid in 2025 and 2026. (note 39(a)).

25. SERVICE CONCESSION ARRANGEMENT

The Group entered into certain service concession agreements with local governments (the "**Grantors**") to construct and operate power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group needs to dispose of the power plants to local government at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted. No additions to concession assets were recognised for service concession arrangements in both 2023 and 2022 (note 20).

The Group has recognised intangible assets (note 20) relating to the service concession arrangements, which represent the Group's rights to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group with any guaranteed minimum payment for the operating period of the power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

26. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Coal, gas and stalk	**3,889,783**	3,331,473
Fuel oil	**53,626**	53,478
Materials, components and spare parts	**557,174**	552,429
	4,500,583	3,937,380

All of the inventories for future usage and sales are expected to be utilised within one year.

27. TRADE DEBTORS AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade debtors and bills receivables for the sale of electricity	**11,014,323**	11,215,958
Trade debtors and bills receivables for the sale of heat	**1,045,354**	994,957
Trade debtors and bills receivables for the sale of coal	**631,877**	539,884
	12,691,554	12,750,799
Less: allowance for impairment	**(354,847)**	(361,332)
	12,336,707	12,389,467

	2023	2022
	RMB'000	*RMB'000*
Analysed into:		
– At amortised cost	**12,326,729**	12,002,063
– At FVOCI (Note (i))	**364,825**	748,736
	12,691,554	12,750,799

Notes:

(i) The Group's bills receivables are managed with a business model under which bills receivable are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date. Accordingly, these bills receivable are classified as financial assets at FVOCI.

(ii) During the year ended 31 December 2023, bank acceptance bills discounted of approximately RMB3,078 million (2022: RMB1,090 million) were derecognised by the Group (the "**Derecognised Bills**"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. In the opinion of the directors, the fair values of the Group's Continuing Involvements in the Derecognised Bills are not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

27. TRADE DEBTORS AND BILLS RECEIVABLES *(Continued)*

(a) Ageing analysis

As at 31 December 2023, the ageing analysis of trade debtors and bills receivables (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	12,201,336	12,348,427
1 to 2 years	117,309	33,779
2 to 3 years	17,660	6,754
Over 3 years	402	507
	12,336,707	12,389,467

(b) Impairment of trade debtors and bills receivables

Impairment loss in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly. The movement in allowance for impairment during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	361,332	328,917
Impairment loss recognised	5,783	42,417
Reversal of impairment loss	(11,265)	(1,045)
Write-off	(1,003)	(8,957)
At 31 December	354,847	361,332

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items on a collective basis.

At 31 December 2023, the Group's trade debtors and bills receivables totalling of approximately RMB6 million (2022: RMB42 million) were individually determined to be credit-impaired and loss allowance of the same amount has been recognised during the year. A write-off of trade debtors and bills receivables with a gross carrying amount of approximately RMB1 million (2022: RMB9 million) resulted in a decrease in loss allowance of approximately RMB1 million (2022: RMB9 million). The Group does not hold any collateral over these balances.

The information about the ECLs on the Group's trade debtors and bills receivables are disclosed in note 43(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

28. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	RMB'000	*RMB'000*
Financial assets		
– Dividends receivable	**728,639**	353,150
– Deposits	**56,688**	24,649
– Consideration receivables	**–**	134,437
– Machinery and equipment related receivables	**211,404**	327,583
– Other receivables	**655,433**	801,682
	1,652,164	1,641,501
Less: allowance for impairment (Note)	**(262,998)**	(482,429)
	1,389,166	1,159,072
Deductible Value Added Tax	**1,449,812**	1,537,089
Prepayments	**3,185,062**	3,728,564
Others	**172,900**	96,552
	6,196,940	6,521,277

Note:

ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2023, ECLs of deposits and other receivables of the Group amounted to approximately RMB263 million (2022: RMB482 million). The information about the ECLs on the Group's deposits and other receivables are disclosed in note 43(b).

29. RESTRICTED DEPOSITS

Restricted deposits mainly represent performance bonds at banks and other financial institutions with maturity of over three months.

30. CASH AND CASH EQUIVALENTS

	2023	2022
	RMB'000	*RMB'000*
Cash at bank and in hand	**52,953**	26,636
Cash at other financial institutions	**5,117,324**	5,880,979
	5,170,277	5,907,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS

(a) Bank loans

	2023	2022
	RMB'000	*RMB'000*
Due:		
Within 1 year		
– short-term bank loans	**15,884,273**	22,111,828
– current portion of long-term bank loans	**10,905,153**	6,726,229
	26,789,426	28,838,057
After 1 year but within 2 years	**13,712,953**	12,711,715
After 2 years but within 5 years	**20,667,583**	19,876,472
After 5 years	**15,297,871**	16,963,275
	49,678,407	49,551,462
	76,467,833	78,389,519

As at 31 December 2023, all of the bank loans are unsecured, except for amounts of approximately RMB9,252 million (2022: RMB10,620 million) which are secured by the income stream in respect of the sale of electricity and heat and trade debtors for the sale of electricity and heat of certain subsidiaries; and amounts of approximately RMB1,114 million (2022: RMB1,242 million) which are secured by property, plant and equipment with an aggregate carrying amount of approximately RMB964 million (2022: RMB1,114 million). None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	2023	2022
	RMB'000	*RMB'000*
RMB loans		
Floating interest rates ranging from 1.55% to 4.55% (2022: 1.75% to 4.90%) per annum with maturities up to 2048	**55,316,002**	52,580,210
Fixed interest rates ranging from 1.75% to 3.96% (2022: 1.80% to 4.30%) per annum with maturities up to 2035	**21,151,831**	25,809,309
	76,467,833	78,389,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS *(Continued)*

(b) Loans from shareholders

	2023 **RMB'000**	2022 RMB'000
Due:		
Within 1 year		
– short term loans from shareholders	**200,223**	–
– current portion of long-term loans from shareholders	**537,131**	1,358,019
	737,354	1,358,019
After 1 year but within 2 years	**1,026,460**	179,400
After 2 years but within 5 years	**3,193,910**	3,416,460
After 5 years	**800,000**	800,000
	5,020,370	4,395,860
	5,757,724	5,753,879

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	2023 **RMB'000**	2022 RMB'000
Loans from China Huadian		
Floating interest rates ranging from 3% (2022: 3.00% to 4.00%) per annum, with maturities up to 2027	**300,274**	200,214
Fixed interest rates ranging from 2.69% to 5% (2022: 2.69% to 5.00%) per annum, with maturities up to 2030	**5,457,191**	5,553,406
Others		
Fixed interest rate of 4.65% (2022: 4.65%) per annum, with maturities up to 2024	**259**	259
	5,757,724	5,753,879

(c) State loans

	2023 **RMB'000**	2022 RMB'000
Due:		
Within 1 year		
– current portion of long-term state loans	**1,886**	1,781
After 1 year but within 2 years	**1,885**	1,781
After 2 years but within 5 years	**5,659**	5,345
After 5 years	**38,087**	37,754
	45,631	44,880
	47,517	46,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS *(Continued)*

(c) State loans *(Continued)*

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	2023 RMB'000	2022 RMB'000
Euro loan		
Fixed interest rate of 0.75% (2022: 0.75%) per annum, with maturities up to 2048	**47,517**	46,661

The Euro state loan represents a loan facility maximum of approximately Euro14.50 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. At 31 December 2023, the total amount of the above state loan is approximately Euro6.05 million (2022: Euro6.29 million).

(d) Other loans

	2023 RMB'000	2022 RMB'000
Due:		
Within 1 year		
– short-term other loans	**2,883,281**	5,873,315
– current portion of long-term other loans	**1,519,213**	1,576,901
	4,402,494	7,450,216
After 1 year but within 2 years	**1,898,175**	1,791,047
After 2 years but within 5 years	**2,593,161**	2,358,583
After 5 years	**2,365,173**	1,597,951
	6,856,509	5,747,581
	11,259,003	13,197,797

Other loans are mainly borrowed from China Huadian Finance, an associate of the Group, and certain fellow subsidiaries of the Company. Other loans bear interest rates ranging from 2.29% to 4.65% per annum as at 31 December 2023 (2022: 1.20% to 5.00% per annum), with maturities from 2024 to 2038 (2022: 2023 to 2037).

During the current year, the Group has signed sales and leaseback agreements with a fellow subsidiary of the Company (note 39) and with a third-party financial leasing company with both contract terms of 1 year. The Group sold certain property, generator and related machinery and equipment (note 17) and in the meantime, leased back those assets. According to the agreements, the Group has an option to buy back the equipment at a nominal price of RMB100 or RMB1 when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. Meanwhile, the Group has certain financing agreements with fellow subsidiaries (note 39). As at 31 December 2023, the loans mentioned above bear interest rate ranging from 3.10% to 4.65% (2022: 1.20% to 5.00%) per annum and will be due from 2024 to 2038 (2022: 2023 to 2037).

As at 31 December 2023, the other loans borrowed from China Huadian Finance, a fellow subsidiary and a third party financial leasing company totalling of approximately RMB684 million (2022: RMB485 million) are secured by the income stream in respect of the sale of electricity.

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS *(Continued)*

(d) Other loans *(Continued)*

	2023 RMB'000	2022 RMB'000
Loans from China Huadian Finance		
Floating interest rates ranging from 2.29% to 4.06% (2022: 2.60% to 4.41%) per annum, with maturities up to 2035	**5,905,797**	4,727,807
Fixed interest rates ranging from 2.30% to 3.10% (2022: 2.50% to 3.85%) per annum, with maturities up to 2035	**3,607,057**	6,871,104
Others		
Floating interest rates ranging from 3.40% to 4.05% (2022: 3.80% to 4.53%) per annum, with maturities up to 2037	**1,109,254**	1,082,027
Fixed interest rates of ranging from 3.10% to 4.65% (2022: 1.20% to 5.00%) per annum, with maturities up to 2038	**636,895**	516,859
	11,259,003	13,197,797

(e) Long-term debentures payable

	2023 RMB'000	2022 RMB'000
First tranche of medium-term notes for the year of 2019	**3,091,624**	3,091,058
Third tranche of medium-term notes for the year of 2020	**–**	2,032,233
First tranche of green mid-term notes for the year of 2021	**2,323,335**	2,322,468
Second tranche of medium-term notes for the year of 2021	**2,527,578**	2,526,636
Third tranche of medium-term notes for the year of 2021	**2,017,758**	2,017,004
Fourth tranche of medium-term notes for the year of 2021	**1,814,864**	1,814,185
Fifth tranche of medium-term notes for the year of 2021	**2,514,694**	2,513,752
First tranche of company debentures for the year of 2022 (Energy Supply Assurance Bond)	**2,571,281**	2,570,574
First tranche of medium-term notes for the year of 2022 (Revolutionary Base Area Bond)	**2,054,668**	2,053,915
Second tranche of medium-term notes for the year of 2022 (Type 1)	**1,020,322**	1,020,039
Second tranche of medium-term notes for the year of 2022 (Type 2)	**1,022,842**	1,022,559
Third tranche of medium-term notes for the year of 2022	**1,521,438**	1,521,014
Second tranche of company debentures for the year of 2022	**1,510,258**	1,509,622
	23,990,662	26,015,059
Less: Long-term debentures due within one year	**(14,196,421)**	(2,442,132)
	9,794,241	23,572,927

On 6 January 2022, the Group issued the first tranche of company debentures for the year of 2022 (Energy Supply Assurance Bond) in Shanghai Stock Exchange. The company debenture was issued at a total par value of RMB2,500 million with a maturity period of 3 years and bears interest at 2.92% per annum. The tranche is unsecured.

On 17 January 2022, the Group issued the first tranche of medium-term notes for the year of 2022 (Revolutionary Base Area Bond) in PRC interbank debenture market. The medium-term notes was issued at a total par value of RMB2,000 million with a maturity period of 3 years and bears interest at 2.90% per annum. The tranche is unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS *(Continued)*

(e) Long-term debentures payable *(Continued)*

On 20 April 2022, the Group issued the second tranche of medium-term notes for the year of 2022 (Type 1) in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,000 million with a maturity period of 3 years and bears interest at 2.95% per annum. The tranche is unsecured.

On 20 April 2022, the Group issued the second tranche of medium-term notes for the year of 2022 (Type 2) in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,000 million with a maturity period of 5 years and bears interest at 3.39% per annum. The tranche is unsecured.

On 20 June 2022, the Group issued the third tranche of medium-term notes for the year of 2022 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,500 million with a maturity period of 2 years and bears interest at 2.70% per annum. The tranche is unsecured.

On 16 September 2022, the Group issued the second tranche of company debentures for the year of 2022 in Shanghai Stock Exchange. The company debenture was issued at a total par value of RMB1,500 million with a maturity period of 3 years and bears interest at 2.58% per annum. The tranche is unsecured.

During the year ended 31 December 2023, the Group repaid 1 tranche of medium-term notes debentures with principal amount of RMB2,000 million (2022: repaid 1 tranche of medium-term notes and 1 tranche company debentures with principal amount of RMB3,500 million and RMB2,000 million) at par value.

At 31 December 2023, the effective interest rates of the long-term debentures are ranged from 2.63% to 4.08% (2022: from 2.54% to 4.08%) per annum after considering the effect of issue costs.

(f) Short-term debentures payables

During the year ended 31 December 2023, the Group issued a tranche of super short-term debentures of 2023 in PRC interbank debenture market. The super short-term debenture was issued at a par value of RMB2,000 million with a maturity period of 60 days and bears interest at 2.00% per annum. The tranche is unsecured. During the current year, the Group has redeemed the above mentioned super short-term debentures.

32. CONVERTIBLE BONDS

On 28 September 2021, the Company completed the issuance of 14,701,590 convertible bonds ("**CBs**") at a par value of RMB100 each, which were due on 28 September 2024 with an aggregate principal amount of RMB1,470,159,000. The annual coupon rate of the CBs is 2% for the first year, 3% for the second year, and 3% for the third year from the date of completion of the issuance of CBs. The CBs were denominated in Renminbi and entitled the holders to convert them into ordinary A shares of the Company during the conversion period at a conversion price of RMB4.36 per share. The conversion period of the CBs shall commence on the first trading day (inclusive) immediately following the expiry of the 12-month period after the completion date of the issuance of CBs and end on the maturity date (inclusive) of the CBs. If the CBs are not converted, they will be redeemed by the Company at maturity at a redemption price of 104% of the nominal value of the CBs (excluding the third year accrued interest). Refer to the Company's announcement dated 30 September 2021 for the details of the terms of the CBs.

At initial recognition, the equity component of the CBs was separated from the liability component. The equity element is presented in equity heading "convertible bonds reserve". The effective interest rate of the liability component is 3.91%.

On 28 July 2022, as a result of the Company's declaration of dividend, the conversion price of the CBs was adjusted from RMB4.36 to RMB4.11 per share. Save for this alteration, all other terms and conditions of the outstanding CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

During the year ended 31 December 2023, all CBs are fully converted into ordinary shares (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

32. CONVERTIBLE BONDS *(Continued)*

The movement of the liability component of the convertible loans for the year is set out below:

	Liability component of CBs *RMB'000*
As at 1 January 2022	1,433,637
Effective interest expenses (note 10)	57,011
Interest paid	(29,403)
As at 31 December 2022 and 1 January 2023	1,461,245
Conversion of CBs into ordinary shares	(1,453,962)
Effective interest expenses (note 10)	15,137
Interest paid	(22,420)
As at 31 December 2023	–

33. TRADE CREDITORS AND BILLS PAYABLE

As at 31 December 2023, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Within 1 year	**9,165,850**	14,407,697
1 to 2 years	**1,089,175**	1,001,702
Over 2 years	**1,027,223**	1,196,809
	11,282,248	16,606,208

34. OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 *RMB'000*	2022 *RMB'000*
Financial liabilities		
– Construction deposits	**1,114,601**	1,172,282
– Consideration payables on acquisitions of subsidiaries	**296,644**	330,400
– Wages payable	**215,801**	214,982
– Payables for installed capacity quota	**–**	200,000
– Payables for sewage charges	**1,740**	1,740
– Dividend payables to non-controlling interests	**110,146**	109,638
– Distribution payables to holder of perpetual capital securities	**412,541**	250,639
– Others (Note (i))	**581,190**	654,355
	2,732,663	2,934,036
Other tax payables	**671,065**	1,125,876
Contract liabilities	**2,157,646**	2,028,884
Receipts in advance	**9,271**	–
	5,570,645	6,088,796

Notes:

(i) Others mainly include payables on service fees, water charges and other miscellaneous items.

(ii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

34. OTHER PAYABLES AND CONTRACT LIABILITIES *(Continued)*

Contract liabilities

	2023 RMB'000	2022 RMB'000
Contract liabilities arising from:		
Sale of heat	**1,972,436**	1,878,840
Sale of coal	**101,718**	67,502
Others	**83,492**	82,542
	2,157,646	2,028,884

Contract liabilities mainly relate to the deposits received from customers for sale of heat, coal and others. The Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

For the total contract liabilities of approximately RMB2,029 million as of 31 December 2022 (approximately RMB1,876 million as of 31 December 2021), approximately RMB1,791 million has been recognised as revenue for the year ended 31 December 2023 (2022: approximately RMB1,861 million) from performance obligations satisfied.

35. INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION

Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	At 1 January 2022 RMB'000 (Restated)	Credited/ (charged) to profit or loss RMB'000 (note 14(a))	At 31 December 2022 and 1 January 2023 RMB'000 (Restated)	Credited/ (charged) to profit or loss RMB'000 (note 14(a))	Derecognised through closure of a subsidiary RMB'000	At 31 December 2023 RMB'000
Impairment of assets	131,127	60,400	191,527	**(43,404)**	**–**	**148,123**
Accelerated tax depreciation	(1,268,313)	(10,701)	(1,279,014)	**(61,261)**	**–**	**(1,340,275)**
Fair value adjustments on assets arising from business combinations	(983,139)	149,265	(833,874)	**90,118**	**–**	**(743,756)**
Accrued staff cost	8,294	192	8,486	**(17)**	**–**	**8,469**
Tax losses	2,643,748	571,580	3,215,328	**(555,143)**	**–**	**2,660,185**
Right-of-use assets	(55,540)	20,016	(35,524)	**17,187**	**–**	**(18,337)**
Lease liabilities	16,498	(3,443)	13,055	**443**	**–**	**13,498**
Others (Note)	67,253	6,839	74,092	**129,993**	**17,459**	**221,544**
	559,928	794,148	1,354,076	**(422,084)**	**17,459**	**949,451**

Note: Others represent deferred tax arising from provision for miscellaneous expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

35. INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION *(Continued)*

Deferred tax assets and liabilities recognised: *(Continued)*

Reconciliation to the consolidated statement of financial position is as follows:

	2023	2022
	RMB'000	*RMB'000*
		(Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	**2,510,363**	2,856,915
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(1,560,912)**	(1,502,839)
	949,451	1,354,076

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB13,557 million (2022: RMB12,330 million) and deductible temporary differences of approximately RMB5,397 million (2022: RMB5,313 million) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	2023	2022
	RMB'000	*RMB'000*
2023	**–**	1,236,049
2024	**654,383**	655,255
2025	**141,772**	142,337
2026	**6,870,111**	6,908,051
2027	**3,376,543**	3,388,264
2028	**2,514,306**	–
	13,557,115	12,329,956

36. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received for connecting the customers' premises to the heat network of the Group. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the year amounting to approximately RMB233 million (2022: RMB227 million) is included in "Other revenue" in the consolidated statement of profit or loss and other comprehensive income (note 9).

37. PROVISIONS

The provisions represent the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**59,733**	64,242
Additions	**87,409**	2,664
Settlement	**–**	(7,173)
At 31 December	**147,142**	59,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2023 RMB'000	2022 RMB'000
Final dividend proposed after the end of reporting period of RMB0.15 per share (2022: RMB0.20 per share)	**1,534,134**	2,045,512

Pursuant to a resolution passed at the directors' meeting held on 27 March 2024, a final dividend of RMB0.15 per share (2022: RMB0.20) is proposed to be payable to shareholders for 2023, subject to the approval of the shareholders at the coming annual general meeting.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.20 per share (2022: RMB0.25 per share)	**2,045,512**	2,467,465

(b) Share capital

Movement of the Company's registered, issued and fully paid up capital is tabled below.

	Number of shares		Nominal value	
	2023 '000	2022 '000	2023 RMB'000	2022 RMB'000
A shares of RMB1 each				
At beginning of year	**8,152,624**	8,152,624	**8,152,624**	8,152,624
Issues of shares	**357,703**	–	**357,703**	–
At end of year	**8,510,327**	8,152,624	**8,510,327**	8,152,624
H shares of RMB1 each				
At beginning and end of year	**1,717,234**	1,717,234	**1,717,234**	1,717,234
Total of A and H shares:				
At end of year	**10,227,561**	9,869,858	**10,227,561**	9,869,858
At beginning of year	**9,869,858**	9,869,858	**9,869,858**	9,869,858

During the year ended 31 December 2023, ordinary shares of 357,702,918 are issued due to the conversion of convertible bonds. All A shares and H shares rank pari passu in all material aspects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of associates' capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

(ii) Statutory surplus reserve

General reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, the Group is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Huadian Weifang Power Company Limited ("**Weifang Company**") relating to the previously held interest of the Group.

(iv) Fair value reserve

The fair value reserve comprises the Group's share of the cumulative net change in other comprehensive income of associates at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(j).

(v) Convertible bonds reserve

	Equity component of CBs *RMB'000*
As at 1 January 2022, 31 December 2022 and 1 January 2023	41,250
Derecognised due to conversion of CBs	(41,250)
As at 31 December 2023	–

The convertible bonds reserve represents the equity component (conversion rights) of convertible bonds issued by the Company as set out in note 32.

(d) Distributability of reserve

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Perpetual capital securities

During the year ended 31 December 2023, the Company issued the follows tranches of public perpetual capital securities.

For the year ended 31 December 2023

Type of securities	Issuance date	Category	Issue price *RMB'000*	Number	Par value *RMB'000*
1st tranche of medium-term note for the year of 2023	January 2023	Equity Instrument	0.1	20,000,000	2,000,000
2nd tranche of medium-term note for the year of 2023	February 2023	Equity Instrument	0.1	25,000,000	2,500,000
3rd tranche of medium-term note for the year of 2023	March 2023	Equity Instrument	0.1	25,000,000	2,500,000
4th tranche of medium-term note for the year of 2023	April 2023	Equity Instrument	0.1	15,000,000	1,500,000
5th tranche of medium-term note for the year of 2023	May 2023	Equity Instrument	0.1	20,000,000	2,000,000
6th tranche of medium-term note for the year of 2023	June 2023	Equity Instrument	0.1	10,000,000	1,000,000
7thA tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	15,000,000	1,500,000
7thB tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
8thA tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
8thB tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
9th tranche of medium-term note for the year of 2023	August 2023	Equity Instrument	0.1	15,000,000	1,500,000
10th tranche of medium-term note for the year of 2023	September 2023	Equity Instrument	0.1	20,000,000	2,000,000
					19,500,000

During the year ended 31 December 2022, the Company issued the follows tranches of perpetual capital securities.

For the year ended 31 December 2022

Type of securities	Issuance date	Category	Issue price *RMB'000*	Number	Par value *RMB'000*
1st tranche of renewable company debentures for the year of 2022	April 2022	Equity Instrument	0.1	25,000,000	2,500,000
2nd tranche of renewable company debentures for the year of 2022	July 2022	Equity Instrument	0.1	15,000,000	1,500,000
3rd tranche of renewable company debentures for the year of 2022	November 2022	Equity Instrument	0.1	20,000,000	2,000,000
4th tranche of renewable company debentures for the year of 2022	December 2022	Equity Instrument	0.1	15,000,000	1,500,000
					7,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Perpetual capital securities *(Continued)*

The perpetual capital securities are issued at par value with a range of initial distribution rate from 2.49% to 4.60% (2022: 2.49% to 5.2%). The interests of perpetual capital securities are recorded as distributions, which are payable annually after the approval of the directors of the Company and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred.

The perpetual capital securities have no fixed maturity date and are redeemable at the Company's discretion in whole in accordance with their terms. The Company is entitled to redeem the perpetual capital securities at par value plus payable interest (including all deferred interest) on the 2, 3 or 5 years and each of the subsequent interest payment dates of the perpetual bonds.

The applicable distribution rate will be reset on first call date and each renewal period after first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any distribution for the perpetual capital securities. Therefore, the perpetual capital securities are classified as equity instrument and recorded in equity in the consolidated statement of financial position. As at 31 December 2023, the profit attributable to holders of perpetual capital securities, based on the applicable distribution rate, was approximately RMB156 million (2022: RMB156 million).

The above financial instruments do not have a definite maturity period, and will exist until the right of redemption is exercised. The Company has the rights to deferred payment of principal and deferred payment of interest.

Movement of the perpetual capital securities is as follows:

	Principal *RMB'000*	Distribution *RMB'000*	Total *RMB'000*
As at 1 January 2022	22,310,315	163,034	22,473,349
Issue of perpetual capital securities	7,494,189	–	7,494,189
Profit attributable to holders of perpetual capital securities (note 16(a))	–	900,875	900,875
Distributions payable to holders of perpetual capital securities	–	(907,697)	(907,697)
Redemption of perpetual capital securities	(6,454,503)	–	(6,454,503)
As at 31 December 2022 and 1 January 2023	**23,350,001**	**156,212**	**23,506,213**
Issue of perpetual capital securities	**19,500,000**	**–**	**19,500,000**
Profit attributable to holders of perpetual capital securities (note 16(a))	**–**	**1,007,474**	**1,007,474**
Distributions payable to holders of perpetual capital securities	**–**	**(1,007,678)**	**(1,007,678)**
Redemption of perpetual capital securities	**(12,350,000)**	**–**	**(12,350,000)**
As at 31 December 2023	**30,500,001**	**156,008**	**30,656,009**

(f) Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratios as at 31 December 2023 and 2022 were as follows:

	2023 ***RMB'000***	2022 *RMB'000* *(Restated)*
Total liabilities	**140,574,223**	153,794,092
Total assets	**226,476,498**	226,800,532
Liabilities to assets ratio	**62%**	68%

39. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited	Immediate parent and ultimate holding company of the Company
China Huadian Finance	An associate of the Group
Huadian Coal	An associate of the Group
Huadian Property Company Limited	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited	A subsidiary of an associate of the Group
Fucheng Mining Company	An associate of the Group
Hebei Nuclear Power	An associate of the Group
Changcheng No.3 Mining	An associate of the Group
Changcheng No.5 Mining	An associate of the Group
Changcheng Mine	An associate of the Group
Jinsha River Hydropower Company	An associate of the Group
Huadian New Energy	An associate of the Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Xinjiang Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Clean Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shaanxi Energy Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

Name of related parties	Nature of relationship
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Inner Mongolia Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
China Huadian Advanced Training Centre	A fellow subsidiary of the Company
Fujian Huadian Furui Energy Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian HongKong Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Liaoning Energy Company Limited	A fellow subsidiary of the Company
Huadian Tibet Energy Company Limited	A fellow subsidiary of the Company
Hangzhou Huadian Zhakou Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Carbon Assets Operation Company Limited	A fellow subsidiary of the Company
Huadian Yunnan Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Commercial Factoring (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Hunan Huadian Xiangtan New Energy Company Limited	A fellow subsidiary of the Company
China Huadian Group Xiongan Energy Company Limited	A fellow subsidiary of the Company
Yankuang Energy Group Company Limited ("**Yankuang Energy**") (note (i))	A connected person of the Group
Shaanxi Coal Transportation and Marketing (Group) Company Limited ("**Shaanxi Coal Transportation and Marketing**") (note (ii))	A connected person of the Group
Shaanxi Coal and Chemical Industry Group Company Limited ("**Shaanxi Coal and Chemical**") (note (ii)	A connected person of the Group

Notes:

(i) Yankuang Energy is a substantial minority shareholder of a non-wholly owned subsidiary of the Company.

(ii) Shaanxi Coal Transportation and Marketing is a company of a substantial minority shareholder of a non-wholly owned subsidiary of the Company and Shaanxi Coal and Chemical is a fellow subsidiary of Shaanxi Coal Transportation and Marketing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022:

	2023	2022
	RMB'000	*RMB'000*
Sale of electricity to		
Fellow subsidiaries	**9,797**	–
Purchase of electricity from		
A fellow subsidiary	**141,095**	99,795
Sales of coal to		
Associates	**662,051**	77,563
Fellow subsidiaries	**9,921,955**	1,245,642
Purchase of coal from		
China Huadian	**9,830,342**	–
An associate	**2,115,854**	8,609,076
Fellow subsidiaries	**1,157,991**	1,402,226
Connected persons	**3,837,098**	3,916,847
Purchase of natural gas from		
A fellow subsidiary	**1,456**	179,706
Purchase of construction service and equipment from		
China Huadian	**481**	962
Associates	**3,175**	–
Fellow subsidiaries	**1,388,176**	2,569,979
Sales of equipment to		
An associate	**2,808**	103,507
Fellow subsidiaries	**23,277**	625
Other services income from		
China Huadian	**–**	66,020
An associate	**1,871**	30,184
Fellow subsidiaries	**112,346**	26,617
Loan provided to		
An associate	**96,412**	73,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023	2022
	RMB'000	*RMB'000*
Income from the transfer of energy storage capacity indicators collected by		
Fellow subsidiaries	**25,120**	–
Loans repayment from		
An associate	**96,412**	73,408
Loans proceeds obtained from		
China Huadian	**1,383,910**	3,416,460
An associate	**30,389,159**	26,374,500
Fellow subsidiary	**4,467,021**	4,350,125
Loans repaid to		
China Huadian	**1,380,000**	4,230,000
An associate	**32,472,354**	24,408,000
A fellow subsidiary	**2,775,604**	280,232
Bills receivable discounted to		
An associate	**885,556**	2,293,413
Derecognised bills receivable collected by		
An associate	**1,914,384**	2,229,585
Lease payment under sales and leaseback arrangement to		
A fellow subsidiary	**–**	76,841
Interest paid to		
China Huadian	**204,487**	208,425
An associate	**280,818**	341,475
A fellow subsidiary	**48,745**	29,562
Interest received from		
Associates	**70,355**	85,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023 *RMB'000*	2022 *RMB'000*
Rental and property management service expenses paid to		
Associates	**64,866**	69,398
Fellow subsidiaries	**21,366**	18,826
Rental and property management service income from		
An associate	**809**	3,113
Fellow subsidiaries	**2,732**	5,543
Guarantee service expenses paid to		
China Huadian	**–**	3
Other service expenses paid to		
China Huadian	**75,813**	78,498
Associates	**–**	26,756
Fellow subsidiaries	**530,332**	491,024
Additional capital injection in		
Associates	**740,104**	83,603
Construction in progress-construction and construction material prepayments		
Fellow subsidiaries	**45,326**	163,525
Trade debtors and bills receivables		
China Huadian	**–**	59,381
Associates	**3,451**	251,377
Fellow subsidiaries	**559,457**	239,059
Deposits, other receivables and prepayments		
China Huadian	**340,553**	575,445
Associates	**99,094**	257,048
Fellow subsidiaries	**73,772**	117,848
A connected person	**112,663**	63,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023 **RMB'000**	2022 RMB'000
Other long-term receivables		
An associate (note 24)	**155,045**	231,354
Cash and cash equivalents and restricted deposits		
An associate	**5,383,662**	6,245,772
Loans from a shareholder		
China Huadian	**(5,757,466)**	(5,753,620)
Other loans		
An associate	**(9,512,855)**	(11,598,911)
A fellow subsidiary	**(1,381,532)**	(1,088,346)
Trade creditors and bills payable		
China Huadian	**(332)**	(7,487)
Associates	**(8,199)**	(499,294)
Fellow subsidiaries	**(1,924,722)**	(2,000,341)
A connected person	**(106,251)**	(165,663)
Other payables		
China Huadian	**(5,741)**	(3,892)
An associate	**(940)**	(431)
Fellow subsidiaries	**(117,084)**	(289,385)
Contract liabilities		
An associate	**(21,275)**	–
Fellow subsidiaries	**(85,573)**	(67,459)

(b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 12 and certain highest paid employees as disclosed in note 13, is as follows:

	2023 **RMB'000**	2022 RMB'000
Salaries and other emoluments	**2,487**	3,044
Retirement benefits	**545**	419
Bonuses	**3,389**	3,075
	6,421	6,538

Total remuneration is included in "personnel costs" (see note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 31 December 2023 and 2022, there was no material outstanding contribution to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("**other government-related entities**"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

— sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2023, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 99% of its sale of electricity.

— depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

— other transactions

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

(e) Commitment with related parties

	2023 *RMB'000*	2022 *RMB'000*
Capital commitment	**200,797**	732,192
Commitment on properties rental and management fees	**119,003**	7,559

40. RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2022: 15% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group's contribution to these plans amounted to approximately RMB2,088 million during the year (2022: RMB1,941 million) which was charged to the consolidated statement of profit or loss and other comprehensive income (note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

41. COMMITMENTS

Capital commitments

The Group had capital commitments at 31 December as follows:

	2023 RMB'000	2022 RMB'000
Contracted for but not provided in the financial statements		
– Development of power plants	**4,369,950**	5,583,830
– Improvement projects and others	**594,100**	407,503
	4,964,050	5,991,333

42. CONTINGENT LIABILITIES

As at 31 December 2023, certain subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of reporting period, the lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from the above, the Group has no other material contingent liabilities as at 31 December 2023 (2022: nil).

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
At amortised cost		
– Other non-current assets	**155,045**	231,354
– Trade debtors and bills receivables	**12,326,729**	12,002,063
– Other receivables	**1,562,066**	1,255,624
– Restricted deposits	**284,880**	374,824
– Cash and cash equivalents	**5,170,277**	5,907,615
At FVOCI		
– Trade debtors and bills receivables	**364,825**	748,736
At FVPL		
– Financial assets at FVPL	**351,434**	370,055
	20,215,256	20,890,271
Financial liabilities		
At amortised cost	**135,288,318**	148,622,177

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Interest rate risk

The interest rates and terms of repayment of the outstanding interest-bearing liabilities of the Group are disclosed in notes 18(b), 31 and 32. As at 31 December 2023, fixed rate borrowings comprise 33% of total borrowings of the Group (2022: 53%).

Sensitivity analysis

As at 31 December 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's profit after tax and decreased the Group's total equity by approximately RMB481 million (2022: increased the Group's loss after tax and decreased the Group's total equity by approximately RMB450 million).

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit (loss) after tax (and equity) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for prior year.

(b) Credit risk

The Group's credit risk is primarily attributable to trade debtors, bills receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivables, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 27% and 57% (2022: 31% and 63%) of the total trade debtors and bills receivables were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade debtors and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases, which are based on days past due for groupings of various customer segments that have similar loss patterns. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Over 60% of trade debtors with past due more than 3 years are related to the local government-related power grid companies. After considering the historical loss patterns, the management considers that the impairment loss provided is adequate. No further impairment for trade debtors and bills receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Credit risk *(Continued)*

In respect of other receivables, the Group adopts individual credit evaluations continuously assessing the credit risk and financial condition of different customers. Movement in the loss allowance account in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the year is as follows:

	2023			
Loss allowance	**12-month ECLs (Stage 1)** *RMB'000*	**Lifetime ECL, non-credit impaired (Stage 2)** *RMB'000*	**Lifetime ECL, credit-impaired (Stage 3)** *RMB'000*	**Total** *RMB'000*
At 1 January	**–**	**–**	**482,429**	**482,429**
Impairment loss recognised	**–**	**–**	**3,858**	**3,858**
Reversal of impairment loss	**–**	**–**	**(219,815)**	**(219,815)**
Write-off	**–**	**–**	**(3,474)**	**(3,474)**
At 31 December	**–**	**–**	**262,998**	**262,998**

	2022			
Loss allowance	12-month ECLs (Stage 1) *RMB'000*	Lifetime ECL, non-credit impaired (Stage 2) *RMB'000*	Lifetime ECL, credit-impaired (Stage 3) *RMB'000*	Total *RMB'000*
At 1 January	–	–	503,868	503,868
Impairment loss recognised	–	–	4,244	4,244
Reversal of impairment loss	–	–	(716)	(716)
Write-off	–	–	(24,967)	(24,967)
At 31 December	–	–	482,429	482,429

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivables are set out in note 27.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

At the end of the reporting period, the Group had net current liabilities of approximately RMB34,615 million (2022: RMB33,861 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of approximately RMB157.6 billion (2022: RMB167.9 billion) and an aggregate amount of debentures and bonds of approximately RMB17.4 billion (2022: RMB31.4 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2023						2022					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	**28,659,973**	**15,038,088**	**22,811,566**	**18,839,080**	**85,348,707**	**76,467,833**	31,057,932	14,282,897	22,599,120	21,438,132	89,378,081	78,389,519
Loans from shareholders	**925,516**	**1,166,631**	**3,470,531**	**845,258**	**6,407,936**	**5,757,724**	1,517,140	324,592	3,783,919	885,067	6,510,718	5,753,879
State loans	**2,243**	**2,228**	**6,600**	**43,803**	**54,874**	**47,517**	2,131	2,118	6,274	43,704	54,227	46,661
Other loans	**4,708,768**	**2,096,322**	**2,911,377**	**2,732,538**	**12,449,005**	**11,259,003**	7,796,277	1,984,248	2,656,966	1,935,567	14,373,058	13,197,797
Trade creditors and bills payable	**11,282,248**	**–**	**–**	**–**	**11,282,248**	**11,282,248**	16,606,208	–	–	–	16,606,208	16,606,208
Amount due to the parent company	**13,269**	**–**	**–**	**–**	**13,269**	**13,269**	11,245	–	–	–	11,245	11,245
Lease liabilities	**27,567**	**18,828**	**16,137**	**22,890**	**85,422**	**71,256**	226,260	23,538	34,099	15,053	298,950	279,894
Other payables	**1,994,175**	**–**	**–**	**–**	**1,994,175**	**1,994,175**	2,358,777	–	–	–	2,358,777	2,358,777
Long-term debentures payable	**14,754,304**	**7,138,413**	**2,891,827**	**–**	**24,784,544**	**23,990,662**	2,802,790	14,552,190	10,229,420	–	27,584,400	26,015,059
Convertible bonds – liability components	**–**	**–**	**–**	**–**	**–**	**–**	44,105	1,573,070	–	–	1,617,175	1,461,245
Retirement benefit obligations	**145**	**458**	**2,932**	**6,402**	**9,937**	**8,240**	201	451	3,091	6,195	9,938	9,929
	62,368,208	**25,460,968**	**32,110,970**	**22,489,971**	**142,430,117**	**130,891,927**	62,423,066	32,743,104	39,312,889	24,323,718	158,802,777	144,130,213

(d) Currency risk

(i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from cash and cash equivalents denominated in United States dollar ("**US$**") and borrowings which are denominated in Euro. Depreciation or appreciation of US$ and Euro against RMB would affect the financial position and operating results of the Group.

(ii) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2023		2022	
	US$	**Euro**	US$	Euro
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Cash and cash equivalents	**25**	**–**	25	–
State loans	**–**	**(47,517)**	–	(46,661)
Net exposure	**25**	**(47,517)**	25	(46,661)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Currency risk *(Continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023			2022		
	Decrease in foreign exchange rate %	Effect on results after tax RMB'000	Effect on consolidated equity RMB'000	Decrease in foreign exchange rate %	Effect on results after tax RMB'000	Effect on consolidated equity RMB'000
US$	**(10)**	**(2)**	**(2)**	(10)	(2)	(2)
Euro	**(10)**	**3,563**	**3,563**	(10)	3,500	3,500

Note: Positive figures in the above table represent an increase in profit after tax/decrease in loss after tax and an increase in consolidated equity while negative figures represent corresponding opposite effects.

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2022.

(e) Fair values

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at At 31 December 2023 RMB'000	Fair value as at At 31 December 2022 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Bills receivable measured at FVOCI (included in trade debtors and bills receivables)	**364,825**	748,736	Level 2	Future cash flows are estimated based on discount rate observed in the available market.
Financial assets at FVPL unlisted equity securities	**351,434**	370,055	Level 3	The fair value is measured by applying income approach and after considering the expected distributable profits of the investment discounted by a range of discount rate from 8.70% to 10.60% (2022: from 9.40% to 13.51%). The higher the discount rate, the lower of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Fair values *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Financial assets at FVPL:	**351,434**	370,055
At 1 January	**370,055**	330,064
Addition	**–**	42,609
Disposal	**–**	(12,940)
(Loss) gain on fair value	**(18,621)**	10,322
At 31 December	**351,434**	370,055

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

(ii) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	2023		2022	
	Carrying amount *RMB'000*	Fair value *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Fixed rate borrowings and debentures payable	**38,336,928**	**38,297,492**	40,054,605	39,578,638

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

44. IMMEDIATE PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its immediate parent and ultimate holding company to be China Huadian, which is a state-owned enterprise established in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES

(a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2023, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights: Held by the Company %	Proportion of ownership interest and voting rights: Held by subsidiaries %	Principal activities
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,516,090	100.00	–	Generation and sale of electricity
Huadian Zouxian Power Generation Company Limited ("**Zouxian Company**") 華電鄒縣發電有限公司	3,000,000	69.00	–	Generation and sale of electricity
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	633,733 (2022: 600,800)	79.11 (2022:75.00)	–	Generation and sale of electricity and heat
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	568,000	90.00	–	Generation and sale of electricity and heat
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	921,500	95.00	–	Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited ("**Laizhou Power Generation**") 華電萊州發電有限公司	2,632,803	75.00	–	Generation and sale of electricity
Huadian Weifang Power Company Limited ("**Weifang Company**") 華電濰坊發電有限公司	930,222	64.29	–	Generation and sale of electricity and heat
Sichuan Huadian Power Investment Company Limited 四川華電電力投資有限公司	1,377,606	100.00	–	Electricity and power equipment production
Tianjin Huadian Fuyuan Thermal Power Company Limited ("**Fuyuan Thermal**") 天津華電福源熱電有限公司	407,004	100.00	–	Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	259,338	56.00	–	Generation and sale of electricity and heat
Huadian Zhejiang Longyou Thermal Company Limited 華電浙江龍遊熱電有限公司	292,500	100.00	–	Generation and sale of electricity and heat
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	600,000	70.00	–	Generation and sale of electricity and heat
Huadian Group Beijing Fuel Logistics Company Limited 華電集團北京燃料物流有限公司	400,000	91.00	–	Coal wholesale business
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("**Hebei Yuhua**") 河北華電石家莊裕華熱電有限公司	1,026,020	– (2022:60.00) (note(ii))	20.80 (2022: 40.00) (note(ii))	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	800,550 (2022:500,550) (note(iv))	90.00	–	Generation and sale of electricity and heat
Sichuan Guang'an Power General Company Limited 四川廣安發電有限責任公司	1,826,135	80.00	–	Generation and sale of electricity
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	853,386	97.93 (2022:98.72)	–	Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited ("**Anhui Suzhou**") 安徽華電宿州發電有限公司	854,914 (2022:1,479,118) (note(iii))	97.00 (2022:98.27)	–	Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,658,733	65.00	–	Generation and sale of electricity and heat
Hangzhou Huadian Banshan Power Generation Company Limited 杭州華電半山發電有限公司	1,706,610	64.00	–	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	1,132,530	82.00	–	Generation and sale of electricity and heat

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45. SUBSIDIARIES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital *RMB'000*	Proportion of ownership interest and voting rights Held by the Company *%*	 Held by subsidiaries *%*	Principal activities
Huadian Hubei Power Generation Company Limited ("**Hubei Power Generation**") 華電湖北發電有限公司	4,685,158	82.56	–	Generation and sale of electricity and heat
Guangdong Huadian Pingshi Power Generation Company Limited 廣東華電坪石發電有限公司	1,910,490 (2022:1,410,490) (note (iv))	100.00	–	Generation and sale of electricity
Huadian Qingdao Thermal Power Company Limited 華電青島熱力有限公司	30,000	55.00	–	Generation and sale of electricity and heat
Huadian Zibo Thermal Power Company Limited 華電淄博熱電有限公司	1,173,850 (2022:773,850) (note (iv))	100.00	–	Generation and sale of electricity and heat
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	758,114	87.50	–	Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	884,151 (2022:514,205) (note (iv))	93.26	–	Generation and sale of electricity
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	200,000 (2022:980,563) (note (iv))	64.00	–	Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100.00	–	Sale of electricity and investment on power resources
Huadian Longkou Power Generation Plant Company Limited 華電龍口發電有限公司	1,610,000 (2022:471,433) (note (iv))	100.00	–	Generation and sale of electricity and heat
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	553,370	100.00	–	Sale of heat
Hebei Huadian Hybrid Storage Hydropower Company Limited 河北華電混合蓄能水電有限公司	88,500	100.00	–	Generation and sale of electricity
Huadian Zoucheng Thermal Power Company Limited 華電鄒城熱力有限公司	80,000	70.00	–	Generation and sale of electricity and heat
Guangdong Huadian Shaoguan Thermal Power Company Limited 廣東華電韶關熱電有限公司	1,515,019 (2022:815,019) (note (iv))	100.00	–	Sales of coal mine machinery equipment and accessories
Tianjin Huadian Nanjiang Thermal Power Company Limited 天津華電南疆熱電有限公司	660,000 (2022:560,253) (note (iv))	65.00	–	Generation and sale of electricity and heat
Qingdao Huatuo Technology Company Limited 青島華拓科技有限公司	100,000	100.00	–	Design and development
Guangdong Huadian Huizhou Energy Company Limited 廣東華電惠州能源有限公司	486,000 (2022:186,000) (note (iv))	100.00	–	Generation and sale of electricity and heat
Hunan Huadian Changde Power Generation Company Limited ("**Changde Company**") 湖南華電常德發電有限公司	990,944	48.98 (Note(i))	–	Generation and sale of electricity and heat
Hunan Huadian Changsha Power Generation Company Limited 湖南華電長沙發電有限公司	928,571	70.00	–	Generation and sale of electricity and heat
Hunan Huadian Pingjiang Power Generation Company Limited 湖南華電平江發電有限公司	2,159,950 (2022:1,959,950) (note (iv))	100.00	–	Generation and sale of electricity and heat
Guangdong Huadian Qingyuan Energy Company Limited 廣東華電清遠能源有限公司	1,000,000 (2022:419,731) (note (iv))	100.00	–	Generation and sale of electricity and heat

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45. SUBSIDIARIES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company	Held by subsidiaries	
	RMB'000	%	%	
Shantou Huadian Power Generation Co. Ltd. 汕頭華電發電有限公司	1,152,624	51.00	–	Generation and sale electricity and heat
Huadian Laizhou Port Co. Ltd 華電萊州港務有限公司	215,130	65.00	–	Construction and operation of pier project
Huadian Foshan Energy Co., Ltd 華電佛山能源有限公司	811,766	90.00	–	Generation and sale electricity and heat
Ningxia Huadian Yongli Power Co., Ltd. 寧夏華電永利發電有限公司	137,028	100.00	–	Generation and sale electricity and heat
Huadian Guangdong Energy Sales Co., Ltd 華電廣東能源銷售有限公司	220,000	100.00	–	Consultancy and management of power project and project engineering services
Huadian Anhui Energy Sales Co., Ltd. 華電安徽能源銷售有限公司	210,000	100.00	–	Sale of electricity and heat
Huadian Henan Energy Sales Co., Ltd 華電河南能源銷售有限公司	210,000	100.00	–	Sale of electricity and heat
Huadian Ningxia Energy Sales Co., Ltd. 華電寧夏能源銷售有限公司	210,000	100.00	–	Generation and sale of electricity and heat
Huadian Shangdong Energy Sales Co., Ltd 華電山東能源銷售有限公司	210,000	100.00	–	Sale of electricity of heat
Huadian Chongqing Jiangjin Energy Co., Ltd 華電重慶市江津區能源有限公司	64,000	100.00	–	Generation and sale of electricity and heat
Huadian Dongying Energy Co., Ltd. 華電東營能源有限公司	120,000	68.82	–	Generation and sale of electricity and heat
Huadian Zhangqiu Thermal Power Company Limited 華電章丘熱電有限公司	696,000	70.00	–	Generation and sale of electricity and heat
Huadian Qingdao Power Generation Co., Ltd. 華電青島發電有限公司	1,256,867	55.00	–	Generation and sale of electricity and heat
Xingwang Coal Mine, Dalad Qi Wenwei Coal Co., Ltd 內蒙古華通瑞盛能源有限公司	230,000	90.00	–	Production and sale of coal
Huadian International Shandong Project Management Co., Ltd. 華電國際專案管理有限公司	50,000	100.00	–	Consultancy and management of power supply
Huadian Shandong Material Company Limited 華電山東物資有限公司	50,000	100.00	–	Sales of supplies and materials
Anhui Wenhui New Product Promotion Co., Ltd. 安徽文匯新產品推廣有限公司	50,000	51.00	–	Production and sale of coal
Anhui Hualin International Energy Co., Ltd. 安徽華麟國際能源有限公司	50,000	51.00	–	Production and sale of coal
Chongqing Mingyang Coal Sales Co., Ltd. 重慶明陽煤炭銷售有限公司	10,000	70.00	–	Production and sale of coal
Huadian Zhanjiang Power Generation Co., Ltd. 華電湛江發電有限公司	305,692	65.00	–	Generation and sale of electricity and heat. machinery and equipment
Huadian (Zhejiang) Energy Sales Co., Ltd. 華電(浙江)能源銷售有限公司	20,000	100.00	–	Purchase and sale of electricity of business
Guangdong Huadian Shenzhen Energy Co., Ltd. 廣東華電深圳能源有限公司	460,000	100.00	–	Generation and sale of electricity
Huadian (Hunan) Energy Sales Co., Ltd. 華電(湖南)能源銷售有限公司	201,000	100.00	–	Purchase and sale of electricity business
Huadian Hebei Energy Sales Co., Ltd. 華電河北能源銷售有限公司	201,000	100.00	–	Purchase and sale of electricity business

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For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights: Held by the Company %	Proportion of ownership interest and voting rights: Held by subsidiaries %	Principal activities
Huadian Hebei Ruixin Investment Partnership (Limited Partnership) ("**Hebei Ruixin**") 華電河北瑞新投資合夥企業(有限合夥)	2,676,400	19.97 (2022: N/A) (note(i and ii))	0.04 (2022: N/A) (note(i and ii))	Management of investment and assets
Huadian Jingyu Pumped Storage Co., Ltd. 華電靖宇抽水蓄能有限公司	100,000	90.00	–	Generation and sale of electricity business
Jiangxi Huadian Pumped Storage Co., Ltd. 江西華電抽水蓄能有限公司	110,000	100.00	–	Generation and sale of electricity business
Shaanxi Huadian Jinshuihe Pumped Storage Co., Ltd. 陝西華電金水河抽水蓄能有限公司	200,000	95.00	–	Generation and sale of electricity business
Zhejiang Huadian Wuxijiang Hybrid Pumped Storage Power Generation Co., Ltd. 浙江華電烏溪江混合抽水蓄能發電有限公司	468,512	76.00	–	Generation and sale of electricity business

Notes:

(i) In the opinion of the directors of the Company, the Group controls Changde Company and Hebei Ruixin by virtue of having the power to direct the relevant activities of the investee, and is exposed, or has rights to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns. Hebei Ruixin is newly set up during the year.

(ii) During the year ended 31 December 2023, the Group entered into sales and purchases agreements with a non-wholly owned subsidiary of the Group, 華電河北瑞裕能源有限責任公司 to dispose of the entire equity interests of Hebei Yuhua to an non-wholly owned subsidiary of Group with the aggregate amounts of approximately RMB1,075 million. After the transaction, the Group indirectly owns 20.80% of equity interests over Hebei Yuhua but does not lose control over Hebei Yuhua and it is classified as equity transactions. As such, the difference between the fair value of consideration that the Group received and the increase in non-controlling interests has been recorded in the capital reserve of the Group.

(iii) During the year ended 31 December 2023, Huadian Power reduced the investment in Anhui Suzhou and thus, ownership interest held the Group is reduced accordingly. No loss of control after the reduction of investment.

(iv) During the year ended 31 December 2023, the shareholders injected capital in those companies. No change of shareholdings held by the Group after the injections.

(v) The English translation of the names is for the identification only. The official names of these entities are in Chinese.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership Interests and voting rights held by Non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023**	2022	**2023**	2022
				RMB'000	RMB'000	**RMB'000**	RMB'000
Guangan Power Company	The PRC	**20%**	20%	**37,495**	(33,539)	**703,416**	664,091
Zouxian Company	The PRC	**31%**	31%	**110,656**	54,479	**1,132,484**	1,018,231
Hubei Power Generation	The PRC	**17.44%**	17.44%	**(29,190)**	(81,278)	**843,589**	873,285
Laizhou Power Generation	The PRC	**25%**	25%	**140,423**	169,047	**964,710**	948,783
Individually immaterial subsidiaries with non-controlling interests						**10,619,417**	8,093,203
						14,263,616	11,597,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

(i) Guangan Power Company and its subsidiaries

	2023 ***RMB'000***	2022 *RMB'000*
Current assets	**1,585,566**	1,484,998
Non-current assets	**3,661,923**	3,934,998
Current liabilities	**(1,141,597)**	(1,569,512)
Non-current liabilities	**(588,888)**	(530,104)
Total equity	**3,517,004**	3,320,380

	2023 ***RMB'000***	2022 *RMB'000*
Revenue	**5,849,100**	4,829,651
Expenses	**(5,630,943)**	(5,092,255)
Profit (loss) for the year	**174,917**	(169,800)
Net cash inflow from operating activities	**95,381**	599,764
Net cash outflow from investing activities	**(91,035)**	(114,336)
Net cash outflow from financing activities	**(315,038)**	(51,870)
Net cash (outflow) inflow	**(310,692)**	433,558

(ii) Zouxian Company

	2023 ***RMB'000***	2022 *RMB'000*
Current assets	**1,076,767**	1,104,962
Non-current assets	**3,679,603**	3,940,352
Current liabilities	**(624,678)**	(1,504,739)
Non-current liabilities	**(478,518)**	(255,960)
Total equity	**3,653,174**	3,284,615

	2023 ***RMB'000***	2022 *RMB'000*
Revenue	**4,091,131**	4,236,587
Expenses	**(3,530,631)**	(4,060,849)
Profit for the year	**368,560**	175,738
Net cash inflow from operating activities	**1,160,127**	32,683
Net cash outflow from investing activities	**(218,118)**	(147,632)
Net cash (outflow) inflow from financing activities	**(698,507)**	110,698
Net cash inflow (outflow)	**243,502**	(4,251)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES *(Continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

(iii) Hubei Power Generation and its subsidiaries

	2023	2022
	RMB'000	*RMB'000*
Current assets	**2,731,187**	3,835,727
Non-current assets	**11,910,415**	12,354,592
Current liabilities	**(4,284,153)**	(4,348,612)
Non-current liabilities	**(4,274,265)**	(5,464,574)
Total equity	**6,083,184**	6,377,133
Non-controlling interests of Hubei Power Generation	**(1,245,342)**	(1,368,987)

	2023	2022
	RMB'000	*RMB'000*
Revenue	**12,316,565**	15,318,596
Expenses	**(12,098,697)**	(16,100,854)
Loss for the year	**(354,416)**	(782,258)
Non-controlling interests of Hubei Power Generation	**(135,089)**	(316,144)
Net cash inflow from operating activities	**1,193,551**	480,984
Net cash outflow from investing activities	**(377,461)**	(62,425)
Net cash outflow from financing activities	**(1,168,262)**	(566,000)
Net cash outflow	**(352,172)**	(147,441)

(iv) Laizhou Power Generation

	2023	2022
	RMB'000	*RMB'000*
Current assets	**1,051,601**	1,213,314
Non-current assets	**8,892,621**	9,175,541
Current liabilities	**(3,255,916)**	(3,113,853)
Non-current liabilities	**(2,829,480)**	(3,479,880)
Total equity	**3,858,826**	3,795,122

	2023	2022
	RMB'000	*RMB'000*
Revenue	**6,852,471**	7,800,099
Expenses	**(5,682,773)**	(7,123,912)
Profit for the year	**557,042**	676,187
Dividends paid to non-controlling interests	**123,334**	–
Net cash inflow from operating activities	**1,386,194**	1,547,402
Net cash outflow from investing activities	**(129,065)**	(185,487)
Net cash outflow from financing activities	**(1,226,624)**	(1,350,558)
Net cash inflow	**30,505**	11,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Debenture *RMB'000*	Loans *RMB'000*	Lease liabilities *RMB'000*	Dividend payables *RMB'000*	Convertible bonds *RMB'000*	Total *RMB'000*
At 1 January 2022	23,963,100	92,760,881	568,387	552,144	1,433,637	119,278,149
Financing cash flows	2,000,000	4,487,466	(304,902)	(3,643,840)	–	2,538,724
New leases	–	–	11,825	–	–	11,825
Other non-cash adjustments	–	156,444	4,584	–	–	161,028
Dividends of perpetual securities recognised as distribution	–	–	–	907,697	–	907,697
Dividends recognised as distribution	–	–	–	2,467,465	–	2,467,465
Dividends declared to non-controlling interests	–	–	–	76,811	–	76,811
Interest paid	(795,986)	(3,333,529)	(19,524)	–	(29,403)	(4,178,442)
Interest expense	847,945	3,316,594	19,524	–	57,011	4,241,074
At 31 December 2022 and 1 January 2023	**26,015,059**	**97,387,856**	**279,894**	**360,277**	**1,461,245**	**125,504,331**
Financing cash flows	**(2,000,000)**	**(3,995,548)**	**(228,049)**	**(3,167,670)**	**–**	**(9,391,267)**
New leases	**–**	**–**	**17,891**	**–**	**–**	**17,891**
Other non-cash adjustments	**–**	**153,014**	**–**	**–**	**(22,420)**	**130,594**
Dividends of perpetual securities recognised as distribution	**–**	**–**	**–**	**1,007,677**	**–**	**1,007,677**
Dividends recognised as distribution	**–**	**–**	**–**	**2,045,512**	**–**	**2,045,512**
Dividends declared to non-controlling interests	**–**	**–**	**–**	**276,891**	**–**	**276,891**
Interest paid	**(802,790)**	**(2,952,766)**	**(7,305)**	**–**	**–**	**(3,762,861)**
Interest expense	**778,393**	**2,939,521**	**8,825**	**–**	**15,137**	**3,741,876**
Conversion of convertible bonds	**–**	**–**	**–**	**–**	**(1,453,962)**	**(1,453,962)**
At 31 December 2023	**23,990,662**	**93,532,077**	**71,256**	**522,687**	**–**	**118,116,682**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 RMB'000	2022 RMB'000 (Restated)
Non-current assets		
Property, plant and equipment	**17,100,986**	15,905,504
Right-of-use assets	**788,107**	840,591
Construction in progress	**321,103**	1,656,100
Investment properties	**20,302**	21,339
Intangible assets	**78,209**	30,762
Interests in subsidiaries	**50,504,492**	46,076,024
Interests in associates	**42,230,571**	39,537,832
Financial asset at fair value through profit or loss	**107,072**	107,072
Other non-current assets	**290,628**	363,871
	111,441,470	104,539,095
Current assets		
Inventories	**677,521**	620,911
Trade debtors and bills receivables	**1,835,317**	1,949,221
Amounts due from subsidiaries	**15,792,898**	15,328,225
Deposits, other receivables and prepayments	**1,244,877**	1,173,362
Cash and cash equivalents	**364,719**	1,092,910
	19,915,332	20,164,629
Current liabilities		
Bank loans	**5,336,423**	7,144,362
Loans from shareholders	**22,240**	2,500
Other loans	**1,951,006**	2,932,455
Long-term debentures payable – current portion	**14,196,421**	2,442,132
Amount due to the parent company	**398**	2,303
Amounts due to subsidiaries	**555,339**	1,505,189
Lease liabilities	**4,785**	77,979
Trade creditors and bills payable	**1,230,497**	1,247,043
Other payables	**1,045,167**	832,132
	24,342,276	16,186,095
Net current (liabilities) assets	**(4,426,944)**	3,978,534
Total assets less current liabilities	**107,014,526**	108,517,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	2023 *RMB'000*	2022 *RMB'000* *(Restated)*
Non-current liabilities		
Bank loans	**16,290,841**	12,764,916
Loans from shareholders	**3,009,310**	2,719,400
Other loans	**1,832,250**	1,303,500
Long-term debentures payable	**9,794,241**	23,572,927
Convertible bonds – liability component	**–**	1,461,245
Lease liabilities	**8,838**	6,205
Deferred government grants	**24,219**	27,748
Deferred income	**53,747**	58,809
Deferred tax liabilities	**66,193**	82,652
	31,079,639	41,997,402
Net assets	**75,934,887**	66,520,227
Capital and reserves		
Share capital	**10,227,561**	9,869,858
Perpetual capital securities	**30,656,009**	23,506,213
Reserves	**35,051,317**	33,144,156
Total equity	**75,934,887**	66,520,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

Movement in the Company's total equity

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Retained profits RMB'000	Convertible bonds reserve RMB'000	Perpetual capital securities RMB'000	Total equity RMB'000
Balance at 1 January 2022	9,869,858	14,875,593	4,320,839	68,089	13,041,728	41,250	22,473,349	64,690,706
Effects on adoption of amendments to IAS 12	–	–	(3,663)	–	(32,966)	–	–	(36,629)
Balance as at 1 January 2022 (restated)	9,869,858	14,875,593	4,317,176	68,089	13,008,762	41,250	22,473,349	64,654,077
Profit for the year	–	–	–	–	3,325,405	–	900,875	4,226,280
Profit and total comprehensive income	–	–	–	–	3,325,405	–	900,875	4,226,280
Share of reserve of associates	–	20,843	–	–	–	–	–	20,843
Issue of perpetual capital securities	–	–	–	–	–	–	7,494,189	7,494,189
Dividends recognised as distribution	–	–	–	–	(2,467,465)	–	–	(2,467,465)
Redemption of perpetual capital securities	–	(45,497)	–	–	–	–	(6,454,503)	(6,500,000)
Appropriation of general reserve	–	–	332,541	–	(332,541)	–	–	–
Distributions payable to holders of perpetual capital securities	–	–	–	–	–	–	(907,697)	(907,697)
Balance at 31 December 2022 and 1 January 2023 (Restated)	**9,869,858**	**14,850,939**	**4,649,717**	**68,089**	**13,534,161**	**41,250**	**23,506,213**	**66,520,227**
Profit for the year	**–**	**–**	**–**	**–**	**2,619,764**	**–**	**1,007,474**	**3,627,238**
Profit and total comprehensive income	**–**	**–**	**–**	**–**	**2,619,764**	**–**	**1,007,474**	**3,627,238**
Conversion of convertible bonds	**357,703**	**1,159,931**	**–**	**–**	**–**	**(41,250)**	**–**	**1,476,384**
Share of reserve of associates	**–**	**226,822**	**–**	**–**	**–**	**–**	**–**	**226,822**
Issue of perpetual capital securities	**–**	**(12,594)**	**–**	**–**	**–**	**–**	**19,500,000**	**19,487,406**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**(2,045,512)**	**–**	**–**	**(2,045,512)**
Redemption of perpetual capital securities	**–**	**–**	**–**	**–**	**–**	**–**	**(12,350,000)**	**(12,350,000)**
Appropriation of general reserve	**–**	**–**	**387,875**	**–**	**(387,875)**	**–**	**–**	**–**
Distributions payable to holders of perpetual capital securities	**–**	**–**	**–**	**–**		**–**	**(1,007,678)**	**(1,007,678)**
Appropriation of specific reserve	**–**	**–**	**186,174**	**–**	**(186,174)**	**–**	**–**	**–**
Utilisation of specific reserve	**–**	**–**	**(125,947)**	**–**	**125,947**	**–**	**–**	**–**
Balance as at 31 December 2023	**10,227,561**	**16,225,098**	**5,097,819**	**68,089**	**13,660,311**	**–**	**30,656,009**	**75,934,887**

FIVE YEARS FINANCIAL SUMMARY

	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000* *(Restated)*	**2023** ***RMB'000***
Turnover	91,752,980	89,382,243	101,168,876	105,960,339	**116,376,064**
Profit/(loss) before taxation	5,361,142	6,891,833	(6,912,464)	(1,536,927)	**5,842,708**
Income tax (expense)/credit	(1,036,440)	(1,216,202)	1,774,724	631,394	**(974,263)**
Profit/(loss) for the year	4,324,702	5,675,631	(5,137,740)	(905,533)	**4,868,445**
Attributable to:					
Equity holders of the Company	3,385,324	4,166,756	(3,255,963)	(14,322)	**4,601,094**
Non-controlling interests	939,378	1,508,875	(1,881,777)	(891,211)	**267,351**
Profit/(loss) for the year	4,324,702	5 675,631	(5,137,740)	(905,533)	**4,868,445**
Total non-current assets	205,564,187	211,834,333	192,870,366	197,570,137	**197,894,782**
Total current assets	26,600,168	24,856,602	29,593,821	29,230,395	**28,581,716**
Total assets	232,164,355	236,690,935	222,464,187	226,800,532	**226,476,498**
Total current liabilities	(67,329,784)	(59,145,559)	(65,662,934)	(63,091,810)	**(63,196,667)**
Total non-current liabilities	(84,226,928)	(83,152,267)	(80,454,539)	(90,702,282)	**(77,377,556)**
Net assets	80,607,643	94,393,109	76,346,714	73,006,440	**85,902,275**
Equity holders of the Company	62,601,738	73,145,361	63,794,436	61,408,847	**71,638,659**
Non-controlling interests	18,005,905	21,247,748	12,552,278	11,597,593	**14,263,616**
Total equity	80,607,643	94,393,109	76,346,714	73,006,440	**85,902,275**

SUPPLEMENTAL INFORMATION

DIFFERENCE ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit/(loss) and net assets attributable to equity holders of the Company are analysed as follows:

Item	Notes	Net profit attributable to equity shareholders of the Company 2023 RMB'000	2022 RMB'000 (Restated)	Net asset attributable to equity shareholders of the Company 2023 RMB'000	2022 RMB'000 (Restated)
Amounts under CAS		**4,522,125**	116,280	**69,756,242**	59,492,252
Adjustments:					
Business combination involving entities under common control	*1*	**(111,485)**	(500,950)	**3,428,577**	3,540,062
Government grants	*2*	**47,392**	34,682	**(377,911)**	(392,741)
Maintenance and production safety funds	*3*	**96,662**	79,144	**11,622**	–
Taxation impact of the adjustments		**27,871**	103,129	**(539,791)**	(567,662)
Attributable to minority interest		**18,529**	153,393	**(640,080)**	(663,064)
Amounts under IFRSs		**4,601,094**	(14,322)	**71,638,659**	61,408,847

Notes:

(i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquire at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognized as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquire for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

(ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortized to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognized as deferred income.

(iii) Pursuant to the relevant PRC regulations for coal mining companies, the funds for production maintenance and production safety are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognized as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilized when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilized would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

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