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華電國際電力股份有限公司
Huadian Power International Corporation Limited*
(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC" or "China"))
(Stock code: 1071)

2024 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS SUMMARIES

- **Power generation amounted to approximately 101.30 million MWh;**
- **The volume of on-grid power sold amounted to approximately 94.71 million MWh;**
- **Turnover amounted to approximately RMB52,894 million;**
- **Profit for the Period attributable to equity holders of the Company amounted to approximately RMB3,432 million;**
- **Basic earnings per share were approximately RMB0.286.**

The board of directors (the “**Board**”) of Huadian Power International Corporation Limited* (the “**Company**”) hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”) prepared in accordance with the International Accounting Standards 34 “Interim Financial Reporting”.

At the eleventh meeting of the tenth session of the Board of the Company, the Board proposed to declare an interim dividend of RMB0.08 per share (tax inclusive) for 2024 based on the total share capital of 10,227,561,133 shares, totaling approximately RMB818,204.89 thousand (tax inclusive).

The Group's interim financial statements for the Period are unaudited, but they have been reviewed by SHINEWING (HK) CPA Limited, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed by SHINEWING (HK) CPA Limited to the Board of the Company will be included in the interim report to be published by the Company in due course. The audit committee of the Company (the "**Audit Committee**") has also reviewed the 2024 interim results and the relevant financial information of the Group.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in China, primarily engaged in the construction and operation of power plants, including large-scale efficient coal-fired, gas-fired generating units and various hydropower projects. The Group's 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 centers or regions with abundant coal resources.

As at the date of this announcement, the Group had a total of 45 controlled power generation enterprises which have commenced operations involving a total of 58,815.32 MW controlled installed capacity, primarily including 46,750 MW attributable to coal-fired generating units, 9,600.13 MW attributable to gas-fired generating units and 2,459 MW attributable to hydropower generating units.

Details of the Group's major power generating assets which have commenced operations as at the date of this announcement are as follows:

1. Details of controlled coal-fired 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	1,980	100%	2 x 660 MW + 2 x 330 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)	2,231.08	55%	2 x 505.54 MW + 1 x 320 MW + 3 x 300 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	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 Company Limited (“Longkou Company”)	1,540	100%	1 x 660 MW + 4 x 220 MW
	13 Huadian Hubei Power Generation Company Limited (“Hubei Company”) ^(Note 1)	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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	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
Gas-fired	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

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 two 505.54 MW gas-fired generating units.

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
	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
Hydropower	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 (“ Sichuan Investment Company ”) ^(Note 1)	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

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
	Lixian Xinghe Power Company Limited (“ Lixian Company ”)	67	100%	3 x 11 MW + 4 x 8.5 MW
Hydropower	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.

THE CAPACITY OF NEWLY-ADDED GENERATING UNITS

From 1 January 2024 to the date of this announcement, the details of the Company's newly-added generating units are as follows:

Projects	Category	Capacity (MW)
Qingdao Company	Gas-fired	<u>505.54</u>
Total	/	<u><u>505.54</u></u>

GENERATING UNITS APPROVED AND UNDER CONSTRUCTION

As at the end of the Period, the Company'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
Huadian (Chongqing) Gas Turbine Power Generation Company Limited ("Chongqing Power Generation")	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	<u>298</u>
Total	/	<u><u>6,031.30</u></u>

The Group will manage the construction and the pace of commencing operation of its projects in accordance with the national and local energy policies, the conditions of the power market and the Group's overall strategy.

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) in the first half of 2024 amounted to RMB61,683.6 billion, representing an increase of 5.0% over the corresponding period in 2023. According to the data released by the National Energy Administration, power consumption of the entire society in the PRC totaled 4,657.5 billion KWh in the first half of 2024, representing a year-on-year increase of 8.1%. With regard to different industries, the consumption by the primary industry accounted for 62.3 billion KWh, representing a year-on-year increase of 8.8%; the consumption by the secondary industry accounted for 3,067.0 billion KWh, representing a year-on-year increase of 6.9%; and the consumption by the tertiary industry accounted for 852.5 billion KWh, representing a year-on-year increase of 11.7%; and the consumption by urban and rural residents accounted for 675.7 billion KWh, representing a year-on-year increase of 9.0%.

2. Power Generation

During the Period, the power generated by the Group amounted to approximately 101.30 million MWh, representing a decrease of approximately 5.85% over the corresponding period in 2023; the on-grid power sold amounted to approximately 94.71 million MWh, representing a decrease of approximately 5.97% over the corresponding period in 2023. The average utilisation hours of the generating units were 1,741 hours, representing a year-on-year decrease of 192 hours, among which the average utilisation hours of coal-fired generating units were 1,926 hours, representing a year-on-year decrease of 225 hours, and the coal consumption for power supply was 285.28g/KWh, which was remarkably better than the national average. The on-grid tariff was RMB509.94/MWh, representing a decrease of approximately 3.25% compared with the same period of the previous year. The unit price of standard coal for furnace was RMB970.88/ton, representing a decrease of 11.16% over the corresponding period in 2023.

3. Turnover and Profit

During the Period, the turnover of the Group amounted to approximately RMB52,894 million, representing a decrease of approximately 10.43% over the corresponding period in 2023. This was mainly due to the decrease in power generation, on-grid tariff and coal trading volume. The revenue of the Group generated from the sale of electricity amounted to approximately RMB42,877 million, representing a decrease of approximately 9.02% over the corresponding period in 2023. This was mainly due to the decrease in power generation and on-grid tariff. The revenue generated from the sale of heat amounted to approximately RMB5,613 million, representing an increase of approximately 2.39% over the corresponding period in 2023. This was mainly due to the increase in the volume of heat sold. The revenue generated from the sale of coal amounted to approximately RMB4,404 million, representing a decrease of approximately 31.63% over the corresponding period in 2023. This was mainly due to the decrease in coal trading volume.

During the Period, the Group's operating profit amounted to approximately RMB3,365 million, representing an increase of approximately 53.95% over the corresponding period in 2023, which was mainly due to the decrease in fuel prices, electric heating prices and power generation capacity; the profit for the Period attributable to equity holders of the Company amounted to approximately RMB3,432 million, representing an increase of approximately 19.29% over the corresponding period in 2023; the basic earnings per share amounted to approximately RMB0.286, representing an increase of approximately 19.67% over the corresponding period in 2023.

4. Major Operating Expenses

Fuel costs are the major operating expense of the Group. During the Period, the fuel costs of the Group amounted to approximately RMB32,839 million, representing a decrease of approximately 15.43% over the corresponding period in 2023. This was mainly due to the decrease in coal prices, gas prices and power generation.

During the Period, the cost of coal sold of the Group amounted to approximately RMB3,819 million, representing a decrease of approximately 37.64% over the corresponding period in 2023. This was mainly due to the decrease in coal trading volume.

During the Period, the depreciation and amortisation expenses of the Group amounted to approximately RMB5,363 million, representing an increase of approximately 3.90% over the corresponding period in 2023. This was mainly due to the operation of new generating units.

During the Period, the repairs, maintenance and inspection expenses of the Group amounted to approximately RMB1,943 million, representing an increase of approximately 17.79% over the corresponding period in 2023. This was mainly due to the increase in units of generation of controlled mines and the operation of new generating units.

During the Period, the personnel costs of the Group amounted to approximately RMB3,553 million, representing an increase of approximately 3.10% over the corresponding period in 2023. This was mainly due to the increase in employee compensation linked to operating results and the operation of new generating units.

During the Period, the tax and surcharges of the Group amounted to approximately RMB683 million, and the tax and surcharges amounted to approximately RMB428 million for the corresponding period in 2023. This was mainly due to the increase in city construction tax and resource tax of the Group.

During the Period, the other operating expenses of the Group amounted to approximately RMB752 million, representing an increase of approximately 9.93% over the corresponding period in 2023. This was mainly due to the increase in units of generation of controlled mines and the operation of new generating units.

5. Other Revenue and Net Income

During the Period, the other revenue and net income of the Group amounted to approximately RMB863 million, representing an increase of approximately 4.12% over the corresponding period in 2023. This was mainly due to the disposal of land use rights of subsidiaries.

6. Finance Costs

During the Period, the finance costs of the Group amounted to approximately RMB1,660 million, representing a decrease of approximately 10.40% over the corresponding period in 2023. This was mainly due to the greater efforts in capital operation and the lower financing costs of the Group.

7. Share of Results of Associates and Joint Ventures

During the Period, the share of results of associates of the Group amounted to approximately RMB1,994 million, representing a decrease of approximately 12.26% over the corresponding period in 2023. This was mainly due to the decrease in income from the invested coal enterprises of the Group.

8. Income Tax

During the Period, the income tax of the Group amounted to approximately RMB789 million, and the income tax amounted to approximately RMB454 million for the corresponding period in 2023. This was mainly due to the improvement in operating results of the Group.

9. Pledge and Mortgage of Assets

As at 30 June 2024, the Company and its certain subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB9,852 million (approximately RMB9,936 million at the end of 2023).

As at 30 June 2024, the Company and its certain subsidiaries have mortgaged their generating units and relevant equipment to secure loans amounting to approximately RMB2,133 million (approximately RMB2,289 million at the end of 2023).

10. Indebtedness

As at 30 June 2024, the total borrowings of the Group amounted to approximately RMB92,846 million, of which borrowings denominated in Euro amounted to approximately EUR6 million. The liabilities to assets ratio was approximately 60.78%, representing a decrease of approximately 1.29 percentage points compared to that at the end of 2023. Borrowings of the Group were mainly at floating rates. In addition, closing balance of super short-term commercial papers of the Group amounted to approximately RMB1,501 million, and the balance of medium-term notes payable and company debentures of the Group (including the portion due within one year) amounted to approximately RMB20,981 million; and the balance of lease liabilities of the Group amounted to approximately RMB178 million.

11. Cash and Cash Equivalents

As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB5,267 million.

12. Contingent Liabilities

As at 30 June 2024, the Group has no material contingent liabilities.

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 30 June 2024, the balance of the Group's provisions amounted to approximately RMB149 million.

14. Cash Flow Analysis

In the first half of 2024, the net cash inflow from operating activities of the Group amounted to approximately RMB5,285 million, representing an increase of approximately RMB3,534 million over the corresponding period in 2023, mainly due to the improvement in operating results of the Group. The net cash outflow used in investing activities amounted to approximately RMB2,622 million, representing a decrease of approximately RMB1,419 million over the corresponding period in 2023, mainly due to the decrease of infrastructure fund and increase in cash dividends received from associates. The net cash outflow from financing activities amounted to approximately RMB2,566 million, and the net cash inflow from financing activities amounted to approximately RMB2,905 million for the corresponding period in 2023, mainly due to the increase in repayment of interest-bearing liabilities.

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.

Save as disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix D2 to the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") has not changed materially from that included in the Company's 2023 annual report.

BUSINESS OUTLOOK FOR THE SECOND HALF OF THE YEAR

Amidst intricate and complex international and domestic situations, there are numerous risks and hidden dangers in key areas as well as various challenges in business development. The Group will implement the “14th Five-Year” plan and the development strategy of the Company, scientifically assess market conditions to actively respond to risks and challenges, and unwaveringly ensure the achievement of annual objectives and tasks.

1. Power Market Risks

In order to accelerate the construction of a new power system, China has successively introduced a series of new policies and rules. As China’s energy structure is swiftly shifting towards green, low-carbon adjustments, coal-fired generating units face an increasing trend of low utilization hours, low-load operation and low power growth. With the systematic advancement in the construction of the power market, power commodities showcase clearer energy, capacity, adjustment and environmental values. In the context of the spot market environment and the dual tariff pricing system, it is crucial to control the marginal costs of coal-fired generating units, and old and small generating units face high marginal costs and the risk of declines in both power generation capacity and power prices.

The Group will intensify the research and analysis of market conditions and economic activities with focus on power generation capacity, power price and other key indicators, and guide all companies to coordinate the optimization of power generation strategies in both power generation capacity and power prices, adjust pricing strategies and increase power generation efficiency. The Group will actively follow relevant national and industry policies, proactively adapt to the development needs of the power market in line with the “dual carbon” goal, accelerate the technological upgrade and transformation of coal-fired generating units, and strengthen the analysis of power supply-demand status. The Group will actively implement policies such as the coal-fired power capacity pricing mechanism, the dual tariff pricing system for gas-fired generating units and the gas-electricity linkage, and make every effort to stabilize power prices, thus laying a solid foundation for achieving annual operating targets and tasks. The Group will urge all companies to reverse losses, increase profits and improve quality and efficiency of gas-fired generating units, thus enhancing the advantages of gas turbine segments in profit contribution. The Group will strengthen the governance of loss-making companies, reduce the scope and amount of losses, and continuously improve the operational quality of existing assets.

2. Coal Market Risks

As the Chinese economy gradually recovers, social power consumption continues to rise, and some areas may face tight power supply during peak periods of power consumption such as summer and winter peak seasons and extreme weather conditions. Due to the fundamental role of thermal power in ensuring basic energy supply, coal supply pressure remains high in certain regions. The Group conducts safety and environmental rectification in its main coal-purchasing areas, leading to a decline in coal production. As market coal prices have experienced a staged rebound, the Group suffers certain impacts in its coal reserves and price control efforts.

The Group will closely monitor changes in the coal market, implement the requirements of national policies and give full play to the “ballast stone” role of long-term contracts. The Group will urge all companies to ensure adequate coal reserves, optimize coal procurement and inventory strategies, and take various measures to control procurement costs.

3. Environmental Risks

The Ministry of Ecology and Environment recently issued the Total Quota and Allocation Plan of the Power Generation Industry in the China Carbon Emission Trade Exchange for 2023 and 2024 (Draft for Comments) (《2023、2024 年度全國碳排放權交易發電行業配額總量和分配方案(徵求意見稿)》), indicating a trend of tight balance in quota allocation adjustments. The carbon emission quota of the Group has decreased, and therefore some coal-fired power companies face an increased risk of carbon quota gaps.

The Group will strengthen carbon asset management, and urge all companies to formulate implementation plans based on local conditions according to the requirements of the Low-Carbon Transformation and Construction Action Plan for Coal-fired Electricity (2024-2027) (《煤電低碳化改造建設行動方案(2024 – 2027 年)》). The Group will encourage coal-fired power companies to actively apply low carbon and carbon reduction, and build low-carbon power plants tailored to local conditions.

SIGNIFICANT EVENTS

1. Convening the Extraordinary General Meeting and Change of Non-executive Directors

The Company held the first extraordinary general meeting of 2024 (the “**Extraordinary General Meeting**”) on 26 March 2024, at which Mr. Zhao Wei and Mr. Zeng Qinghua were elected as the Non-executive Directors of the tenth session of the Board of the Company. On the same day, the sixth meeting of the tenth session of the Board of the Company elected Mr. Zhao Wei as a member of the Strategic Committee and Mr. Zeng Qinghua as a member of the Remuneration and Appraisal Committee. Their tenure commenced from the conclusion of the Extraordinary General Meeting and will end at the expiry of the term of the tenth session of the Board.

On 29 February 2024, Mr. Zhang Zhiqiang resigned as a Director of the tenth session of the Board and a member of the Remuneration and Appraisal Committee of the Company due to reaching the retirement age. Mr. Li Qiangde resigned as a Director of the tenth session of the Board 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 on 26 March 2024. Mr. Zhang Zhiqiang and Mr. Li Qiangde have confirmed that they have no disagreement with the Board of the Company and there are no matters in relation to their resignations that need to be brought to the attention of the shareholders of the Company.

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

2. Amendments to the Articles of Association and its Appendices

In order to implement (i) the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers (effective from 31 December 2023); (ii) the adjustments to the regulatory rules in Mainland China (including the repeal of 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》) as well as the latest requirements of Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), the Management Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution by Listed Companies (2023 Revision) (《上市公司監管指引第 3 號 – 上市公司現金分紅(二零二三年修訂)》)); and (iii) the relevant requirements of the Work Regulation on Grassroots Organization in State-owned Enterprises of the Communist Party of China (Trial) (《中國共產黨國有企業基層組織工作條例(試行)》), and in accordance with the conversion results of convertible corporate bonds, namely “Huadian Dingzhuan (華電定轉)”, issued by the Company, the Board proposed to amend the relevant provisions of the Articles of Association and its appendices, which form part of the Articles of Association. As all of the “Huadian Dingzhuan (華電定轉)” have been converted into unrestricted outstanding shares of the Company, the total share capital of the Company has

been changed from 9,893,709,553 shares to 10,227,561,133 shares accordingly. On 26 April 2024, the eighth meeting of the tenth session of the Board of the Company considered and approved the resolutions in relation to the change of the registered capital and amendments to the Articles of Association of Huadian Power International Corporation Limited and its appendices, and agreed to submit such resolutions to the general meeting of the Company for consideration and approval. On 17 June 2024, the amended Articles of Association and its appendices have taken effect upon consideration and approval at the general meeting of the Company by way of special resolutions.

For details, please refer to the announcements of the Company dated 26 April 2024, 17 June 2024 and the circulars dated 13 May 2024.

SUBSEQUENT EVENTS

1. Proposing to Purchase Assets by Share Issuance and Cash Payment and Raising Ancillary Funds and Connected Transaction

On 1 August 2024, the Company entered into (i) the Asset Purchase Agreement I with China Huadian Corporation Limited (“**China Huadian**”), pursuant to which, the Company conditionally agreed to purchase its 80% equity interests in Jiangsu Huadian Energy Co., Ltd. by way of issuance of shares or a combination of issuance of shares and cash payments; (ii) the Asset Purchase Agreement II with Fujian Huadian Furui Energy Development Co., Ltd., pursuant to which, the Company conditionally agreed to purchase its 51% equity interests in Shanghai Huadian Fuxin Energy Co., Ltd., 100% equity interests in Shanghai Huadian Minhang Energy Co., Ltd., 55.0007% equity interests in Guangzhou University City Huadian New Energy Company Limited, 55% equity interests in Huadian Fuxin Guangzhou Energy Co., Ltd., 70% equity interests in Huadian Fuxin Jiangmen Energy Company Limited, 100% equity interests in Huadian Fuxin Qingyuan Energy Company Limited by way of cash payments; and (iii) the Asset Purchase Agreement III with CHD Power Plant Operation Co., Ltd., pursuant to which, the Company conditionally agreed to purchase its 100% equity interests in CHD Guigang Electric Power Co., Ltd. by way of cash payments. As of the date of this announcement, as the audit and valuation work for the Target Companies has not been completed, the consideration of the Target Assets has not yet been determined and the Asset Purchase Agreements have not yet taken effect.

Upon completion of the transaction, the Company proposed to issue New A Shares to no more than 35 (including 35) qualified target subscribers. The total amount of ancillary funds to be raised shall not exceed 100% of the Consideration Shares’ total value and the number of New A Shares to be issued shall not exceed 30% of the total issued share capital of the Company upon the completion of the issuance of Consideration Shares. The number and price of New A Shares to be issued under the Proposed Issuance of A Shares will be determined in accordance with the relevant requirements of the CSRC.

For details, please see the announcements of the Company dated 19 July 2024, 25 July 2024 and 1 August 2024.

2. Proposed Change of Director

On 1 August 2024, Mr. Zhao Bing proposed to resign as the Vice Chairman of the tenth session of the Board and a member of the Strategic Committee of the Board due to personal work adjustment. The resignation shall become effective upon the approval of the appointment of new Director by the shareholders of the Company. Mr. Zhao Bing has confirmed that he has no disagreement with the Board, and there are no matters in relation to his resignation that need to be brought to the attention of the shareholders of the Company.

On 1 August 2024, Mr. Zhu Peng was proposed as a candidate for a Director of the Board at the tenth meeting of the tenth session of the Board, and the proposal was submitted to the general meeting for consideration and approval. The term of Mr. Zhu shall commence from the conclusion of the general meeting and end at the expiry of the term of the tenth session of the Board.

For details, please see the announcement of the Company dated 1 August 2024.

3. 2024 Interim Cash Dividend Plan

On 13 August 2024, the Company proposed to distribute a cash dividend of RMB0.08 per share (tax inclusive) to all shareholders whose names appear on the register of members at the record date for the 2024 interim equity distribution. As of 30 June 2024, the total share capital of the Company was 10,227,561,133 shares, based on which the total cash dividend proposed to distribute was RMB818,204.89 thousand (tax inclusive). The Board believes that this plan is in line with the profit distribution policy set out in the Articles of Association and agrees on this profit distribution plan, and agrees to submit the proposal to the general meeting of the Company for consideration.

For details, please see the announcement of the Company dated 13 August 2024.

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 members of the senior management of the Company, had an interest or short position as at 30 June 2024 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 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 30 June 2024, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 30 June 2024.

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 Interests in a controlled corporation
	H shares	85,862,000 (L)	0.84%	–	5.00%	
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 Overseas Investment Co., Ltd. (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 30 June 2024, 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 a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

As at 30 June 2024, none of the directors, supervisors, chief executive or members of the 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 (as defined in 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 which was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which was 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 of the Company).

During the Period, 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 of the directors and supervisors have complied with the required standards set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, 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).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2024, the Group’s deposits placed with financial institutions or other parties did not include any designated or trust deposits or any material time deposits which could not be collected by the Group upon maturity.

MATERIAL LITIGATION

As of 30 June 2024, certain members of the Group were parties to certain litigations arising from the 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 litigations will not have any material adverse effect on the financial position and operating results of the Group.

AUDIT COMMITTEE

The unaudited condensed consolidated financial statements for the Period prepared under the International Accounting Standard 34 “Interim Financial Reporting” have been reviewed by the Audit Committee of the Company.

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at 30 June 2024, the total number of employees of the Group was 24,232. The Group has always complied with the relevant requirements of the PRC, and determined the salary levels of employees according to its economic benefits. It has established an objective, impartial, scientific and effective remuneration distribution mechanism and staff performance appraisal mechanism, according to the talent concept of “identifying talents through performance, selecting talents through competition and awarding talents through remuneration”.

CORPORATE GOVERNANCE

The Company has always attached great importance to corporate governance and has continuously implemented management innovation. In strict compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved the structure of corporate governance, enhanced the level of the Company's governance and endeavored to achieve the harmonious development between the growth of the Company and the interest of its shareholders.

The codes on corporate governance of the Company include, but not limited to, its Articles of Association, Rules of Procedures for General Meetings, Rules of Procedures for the Board, Rules of Procedures for Supervisory Committee, the Terms of Reference for the Strategic Committee under the Board, the Terms of Reference for the Audit Committee under the Board, the Terms of Reference for the Remuneration and Appraisal Committee under the Board, and the Terms of Reference for the Nomination Committee under the Board, etc.

The Company has established and improved the standardised operating systems of the general meetings, meetings of the Board and supervisory committee of the Company and its subsidiaries. The independent directors, the Audit Committee and the supervisory committee have actively supervised the preparation of regular reports, whereas non-executive directors and supervisors have performed their duties by carrying out annual reviews and the supervisory committee has further improved its supervisory duties. The Company has upheld transparency and compliance with information disclosures. Trainings regarding corporate governance and regulatory operations were provided to the directors, supervisors and secretaries to the Board of the Company and its subsidiaries. In accordance with the relevant requirements of the risk management and internal control, regular assessments were made on the risk management and internal control of the Company.

In the first half of the year, the Group complied with the environmental, social and governance requirements under the Hong Kong Listing Rules, and continuously tracked the performance indicators of the Group in terms of environmental protection, social responsibility and corporate governance.

The Board adheres to the principles of corporate governance in order to achieve prudent management and enhance value for shareholders. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance adopted by the Company and its actual operations, and has taken the view that the corporate governance practices of the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code ("**Corporate Governance Code**") as contained in Appendix C1 to the Hong Kong Listing Rules. The Company has also adopted the board member diversity policy. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the major particulars of which are as follows:

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited for Employees, which are on terms no less lenient than those set out in the Model Code.

- In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and has stipulated the Terms of Reference for the Strategic Committee.
- In the first half of 2024, a total of five Board meetings were held by the Company.
- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

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

Beijing, the PRC
22 August 2024

As at the date of this announcement, 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).

* *For identification purpose only*

I SUMMARY OF FINANCIAL INFORMATION IN CONDENSED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The financial information set out below is extracted from the unaudited condensed consolidated financial statements prepared under IFRSs of the Group as set out in its 2024 interim report.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Turnover	3	52,893,953	59,053,025
Operating expenses			
Fuel costs		(32,839,062)	(38,828,764)
Costs of coal sold		(3,819,329)	(6,125,012)
Depreciation and amortisation		(5,363,419)	(5,161,889)
Repairs, maintenance and inspection		(1,943,475)	(1,649,938)
Personnel costs		(3,552,666)	(3,445,875)
Administration expenses		(575,350)	(543,822)
Taxes and surcharges		(683,219)	(427,603)
Other operating expenses	6(b)	(751,942)	(684,020)
		(49,528,462)	(56,866,923)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Operating profit		3,365,491	2,186,102
Investment income	4	225,266	11,533
Other revenue and net income		863,463	829,301
Interest income from bank deposits		28,579	44,415
Finance costs	5	(1,660,406)	(1,853,160)
Share of results of associates		<u>1,993,958</u>	<u>2,272,579</u>
Profit before taxation	6(a)	4,816,351	3,490,770
Income tax expense	7	<u>(788,816)</u>	<u>(453,845)</u>
Profit for the period		<u>4,027,535</u>	<u>3,036,925</u>
Other comprehensive (expense) income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive expense of investees accounted for under the equity method (with nil tax effect)		(14,179)	(13,225)
<i>Item that will not be reclassified to profit or loss:</i>			
Share of other comprehensive (expense) income (non-recycling) of investees accounted for under the equity method (with nil tax effect)		(25,327)	9,388
Other comprehensive expense for the period (net of tax)	8	<u>(39,506)</u>	<u>(3,837)</u>
Total comprehensive income for the period		<u>3,988,029</u>	<u>3,033,088</u>
Profit for the period attributable to:			
Equity holders of the Company		3,431,773	2,876,840
Non-controlling interests		<u>595,762</u>	<u>160,085</u>
		<u>4,027,535</u>	<u>3,036,925</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2024

(Expressed in Renminbi)

	<i>Notes</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Total comprehensive income for the period attributable to:			
Equity holders of Company		3,392,672	2,872,853
Non-controlling interests		595,357	160,235
		<u>3,988,029</u>	<u>3,033,088</u>
Earnings per share	<i>9</i>		
– Basic (RMB)		<u>0.286</u>	<u>0.239</u>
– Diluted (RMB)		<u>N/A</u>	<u>0.236</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Expressed in Renminbi)

	At 30 June 2024	At 31 December 2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	131,165,965	134,616,966
Right-of-use assets	5,365,673	5,355,393
Construction in progress	7,715,208	7,352,868
Investment properties	69,710	70,881
Intangible assets	1,849,988	1,892,131
Goodwill	1,032,483	1,032,483
Interests in associates	46,038,471	44,240,623
Financial assets at fair value through profit or loss	364,482	351,434
Other non-current assets	542,938	471,640
Deferred tax assets	2,233,318	2,510,363
	<u>196,378,236</u>	<u>197,894,782</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2024

(Expressed in Renminbi)

		At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Current assets			
Inventories		5,543,522	4,500,583
Trade debtors and bills receivables	10	10,280,401	12,336,707
Deposits, other receivables and prepayments		7,792,435	6,196,940
Tax recoverable		57,978	92,329
Restricted deposits		261,323	284,880
Cash and cash equivalents		5,267,090	5,170,277
		<u>29,202,749</u>	<u>28,581,716</u>
Current liabilities			
Bank loans		29,332,753	26,789,426
Loans from shareholders		1,465,800	737,354
State loans		1,854	1,886
Other loans		3,248,080	4,402,494
Long-term debentures payable – current portion		15,184,057	14,196,421
Short-term debentures payable		1,501,226	–
Amount due to the parent company		29,630	13,269
Lease liabilities		79,762	24,635
Trade creditors and bills payable	11	9,545,678	11,282,248
Other payables and contract liabilities		6,109,933	5,570,645
Tax payable		186,999	178,289
		<u>66,685,772</u>	<u>63,196,667</u>
Net current liabilities		<u>(37,483,023)</u>	<u>(34,614,951)</u>
Total assets less current liabilities		<u>158,895,213</u>	<u>163,279,831</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2024

(Expressed in Renminbi)

	At 30 June 2024	At 31 December 2023
Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
Non-current liabilities		
Bank loans	48,356,271	49,678,407
Loans from shareholders	4,093,910	5,020,370
State loans	43,542	45,631
Other loans	6,303,528	6,856,509
Long-term debentures payable	5,796,494	9,794,241
Lease liabilities	98,582	46,621
Provisions	148,704	147,142
Deferred governments grants	1,386,427	1,465,681
Deferred income	12 2,649,662	2,753,802
Deferred tax liabilities	1,531,181	1,560,912
Retirement benefit obligations	6,438	8,240
	<u>70,414,739</u>	<u>77,377,556</u>
Net assets	<u>88,480,474</u>	<u>85,902,275</u>
Capital and reserves		
Share capital	10,227,561	10,227,561
Perpetual capital securities	31,000,000	30,656,009
Reserves	<u>32,491,011</u>	<u>30,755,089</u>
Equity attributable to equity holders of the Company	73,718,572	71,638,659
Non-controlling interests	<u>14,761,902</u>	<u>14,263,616</u>
Total equity	<u>88,480,474</u>	<u>85,902,275</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At 30 June 2024, the Group had net current liabilities of approximately RMB37,483 million and certain capital commitments. 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 condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB, which are effective for the Group’s financial year beginning on 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. TURNOVER

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
– Sale of electricity	42,876,950	47,129,670
– Sale of heat	5,613,342	5,482,148
– Sale of coal	4,403,661	6,441,207
	<u>52,893,953</u>	<u>59,053,025</u>

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 condensed consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity. The revenue from sale of electricity, heat and coal are recognised at a point in time. The Group's non-current assets are mainly located in the PRC and the Group's revenue is mainly derived in the PRC.

4. INVESTMENT INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income from other long-term receivables	7,419	7,378
Loss on disposal of financial assets measured at fair value through other comprehensive income ("FVOCI")	(5,330)	(3,123)
Gain on disposal of subsidiaries	223,177	–
Others	–	7,278
	<u>225,266</u>	<u>11,533</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on loans and other financial liabilities	1,673,975	1,925,359
Interest on lease liabilities	3,996	5,028
Interest on convertible bonds	–	15,139
Other finance costs	16,106	10,247
Net foreign exchange (gain) loss	(1,175)	2,856
Less: interest capitalised	(32,496)	(105,469)
	1,660,406	1,853,160

The borrowing costs have been capitalised at an average rate of 2.90% (six months ended 30 June 2023: 3.25%) per annum for construction in progress.

6. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Amortisation		
– Intangible assets	54,085	55,231
Depreciation		
– Property, plant and equipment	5,183,533	4,949,082
– Right-of-use assets	124,630	156,556
– Investment properties	1,171	1,020
Total amortisation and depreciation	5,363,419	5,161,889
Reversal of impairment loss recognised under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivables	(381)	(7,551)
– Deposits, other receivables and prepayments	–	(250)
Included in other revenue and net income:		
– Government grants	(261,471)	(259,122)
– Net gain on disposal of property, plant and equipment and right-of-use assets	(395,735)	(111,601)
– Net income from sale of materials	(92,404)	(287,390)

6. PROFIT BEFORE TAXATION (Continued)**(b) Other operating expenses:**

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Heating	364,214	313,149
Power charges	152,190	137,833
Water charges	222,523	217,922
Environmental restoration expense	–	10,728
Other expense relating to short-term leases	13,015	4,388
	<hr/>	<hr/>
Total other operating expenses	751,942	684,020

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax – PRC Enterprise Income Tax		
Charge for the period	536,407	303,793
Under (over)-provision in respect of prior years	5,095	(8,043)
	<hr/>	<hr/>
	541,502	295,750
Deferred tax		
Origination and reversal of temporary differences and tax losses	247,314	158,095
	<hr/>	<hr/>
	788,816	453,845

The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% (six months ended 30 June 2023: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2024 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 15% (six months ended 30 June 2023: taxed at preferential rates of 15%).

8. OTHER COMPREHENSIVE (EXPENSE) INCOME

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Share of other comprehensive expense of investees accounted for under the equity method	(14,179)	(13,225)
Share of other comprehensive (expense) income (non-recycling) of investees accounted for under the equity method	<u>(25,327)</u>	<u>9,388</u>
Other comprehensive expense, net of income tax	<u><u>(39,506)</u></u>	<u><u>(3,837)</u></u>

9. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Profit attributable to equity holders of the Company	3,431,773	2,876,840
Less: Profit attributable to holders perpetual capital securities	<u>(511,564)</u>	<u>(474,473)</u>
Profit attributable to equity shareholders	<u>2,920,209</u>	<u>2,402,367</u>
Weighted average number of ordinary shares in issue	<u>10,227,561,133</u>	<u>10,036,783,843</u>
Basic earnings per share (RMB)	<u><u>0.286</u></u>	<u><u>0.239</u></u>

9. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2023, the Company has one category of dilutive potential ordinary shares which is the convertible bonds. 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 (Unaudited)
Profit attributable to equity shareholders (<i>note 9(a)</i>)	2,402,367
Add: Interest expense on liability component of convertible bonds	<u>15,139</u>
Profit for the purpose of diluted earnings per share	<u>2,417,506</u>
Weighted average number of ordinary shares in issue	10,036,783,843
Effect of dilutive potential ordinary shares:	
Convertible bonds	<u>190,777,290</u>
Weighted average number of ordinary share in issue for the purpose of diluted earnings per share	<u>10,227,561,133</u>
Diluted earnings per share (RMB)	<u><u>0.236</u></u>

No diluted earnings per share is presented for the six months ended 30 June 2024 as there is no potential ordinary shares in issue during the period.

10. TRADE DEBTORS AND BILLS RECEIVABLES

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Trade debtors and bills receivable for the sale of electricity	8,557,840	11,014,323
Trade debtors and bills receivable for the sale of heat	1,578,587	1,045,354
Trade debtors and bills receivable for the sale of coal	498,440	631,877
	<u>10,634,867</u>	<u>12,691,554</u>
Less: allowance for impairment	(354,466)	(354,847)
	<u>10,280,401</u>	<u>12,336,707</u>
Analysed into:		
– At amortised cost	10,327,280	12,326,729
– At FVOCI (Note)	307,587	364,825
	<u>10,634,867</u>	<u>12,691,554</u>

Note:

The Group's bills receivables are managed with a business model under which bills receivables are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date. Accordingly, these bills receivables are classified as financial assets at FVOCI.

As at 30 June 2024, bank acceptance bills discounted of approximately RMB1,877 million (31 December 2023: RMB3,078 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 risk 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 Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was RMB2 million (30 June 2023: RMB3 million) in total and charged to profit or loss.

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:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	10,031,578	12,201,336
1 to 2 years	177,963	117,309
2 to 3 years	65,672	17,660
Over 3 years	5,188	402
	<u>10,280,401</u>	<u>12,336,707</u>

11. TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2024, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2024 <i>RMB'000</i> (Unaudited)	At 31 December 2023 <i>RMB'000</i> (Audited)
Within 1 year	7,690,046	9,165,850
1 to 2 years	918,200	1,089,175
Over 2 years	937,432	1,027,223
	<u>9,545,678</u>	<u>11,282,248</u>

12. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received from customers 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 terms of service contracts for sale of heat.

The upfront installation fee recognised for the six months ended 30 June 2024 amounting to approximately RMB119 million (six months ended 30 June 2023: RMB116 million) is included in "Other revenue and net income" in the condensed consolidated statement of profit or loss and other comprehensive income.

13. DIVIDENDS

- (a) A final dividend of RMB0.15 per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: RMB0.20 per share in respect of the year ended 31 December 2022) was declared to the equity shareholders of the Company and approved on 17 June 2024. The aggregate amount of the final dividend declared amounted to approximately RMB1,534 million (six months ended 30 June 2023: RMB2,045 million).
- (b) Subsequent to the end of the reporting period, an interim dividend of RMB0.08 per share in aggregate amount of RMB818 million in respect of the three months ended 31 March 2024, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

Other than the above, no dividend was proposed during the six months ended 30 June 2024 and 2023.

14. CONTINGENT LIABILITIES

As at 30 June 2024, certain of the Group's subsidiaries were the defendant in certain lawsuits for events occurred. As at the date of the financial statements, the lawsuits were in progress of which the final outcomes cannot be determined at present. The management of the Group 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 30 June 2024 (31 December 2023: nil).

II SUMMARY OF FINANCIAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“CAS”)

The consolidated financial information set out below is extracted from the unaudited consolidated financial statements prepared under CAS of the Group as set out in its 2024 interim report.

CONSOLIDATED BALANCE SHEET AND THE COMPANY’S BALANCE SHEET (UNAUDITED)

As at 30 June 2024

(Expressed in Renminbi’000)

Item	The Group		The Company	
	30 June 2024	31 December 2023 (Restated)	30 June 2024	31 December 2023 (Restated)
Current assets:				
Cash and cash equivalents	5,528,413	5,455,157	512,675	364,719
Bills receivable	29,925	14,701	29,925	14,701
Accounts receivable	10,131,987	12,168,585	1,760,728	1,795,829
Accounts receivable financing	307,587	364,825	12,331	24,788
Prepayments	4,519,876	3,185,062	395,114	326,028
Other receivables	1,389,304	1,177,762	14,299,480	16,473,196
Inventories	5,543,522	4,500,583	1,020,130	677,521
Non-current assets – current portion	172,878	172,900	188,338	188,361
Other current assets	1,579,257	1,542,141	30,094	50,189
Total current assets	29,202,749	28,581,716	18,248,815	19,915,332
Non-current assets:				
Debt investments	155,024	155,045	205,599	202,629
Long-term equity investments	45,589,001	43,791,153	92,174,304	89,935,535
Other non-current financial assets	364,482	351,434	120,120	107,072
Investment properties	69,710	70,881	19,783	20,302
Property, plant and equipment	128,218,098	131,660,255	16,549,817	17,100,986
Construction in progress	7,715,208	7,352,868	326,874	321,103
Right-of-use assets	169,211	77,360	115,406	15,651
Intangible assets	7,181,489	7,273,051	838,293	850,665
Development Expenditure	2,217	2,217	–	–
Goodwill	373,940	373,940	–	–
Long-term prepaid expenses	559,495	521,637	363	5,000
Deferred tax assets	2,233,318	2,510,363	–	–
Other non-current assets	385,695	314,379	50,266	48,586
Total non-current assets	193,016,888	194,454,583	110,400,825	108,607,529
Total assets	222,219,637	223,036,299	128,649,640	128,522,861

**CONSOLIDATED BALANCE SHEET AND THE COMPANY'S BALANCE SHEET
(UNAUDITED) (CONTINUED)**

As at 30 June 2024

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2024	31 December 2023 (Restated)	30 June 2024	31 December 2023 (Restated)
Current liabilities:				
Short-term loans	22,287,990	18,967,777	2,751,403	2,414,838
Bills payable	897,274	841,868	–	–
Accounts payable	8,668,989	10,445,786	1,544,560	1,703,576
Deposit received	6,969	9,271	208	688
Contract liabilities	1,244,939	2,157,646	21,667	102,918
Salaries payable	298,833	215,801	118,422	55,669
Tax payable	785,587	849,354	95,412	68,737
Other payable	3,930,466	2,423,585	2,456,838	887,618
Non-current liabilities – current portion	27,024,316	27,184,439	19,824,625	19,096,037
Other current liabilities	1,540,408	101,140	1,506,625	12,195
Total current liabilities	66,685,771	63,196,667	28,319,760	24,342,276
Non-current liabilities:				
Long-term loans	58,797,251	61,600,917	20,612,425	21,132,401
Debentures payable	5,796,494	9,794,241	5,796,494	9,794,241
Lease liabilities	98,582	46,621	61,306	8,838
Long-term payables	14,532	28,105	11,123	24,219
Retirement benefit obligations	6,438	8,240	–	–
Provisions	148,704	147,142	–	–
Deferred income	3,667,342	3,813,467	51,870	53,747
Deferred tax liabilities	1,012,172	1,021,121	74,973	66,193
Total non-current liabilities	69,541,515	76,459,854	26,608,191	31,079,639
Total liabilities	136,227,286	139,656,521	54,927,951	55,421,915

**CONSOLIDATED BALANCE SHEET AND THE COMPANY'S BALANCE SHEET
(UNAUDITED) (CONTINUED)**

As at 30 June 2024

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2024	31 December 2023 (Restated)	30 June 2024	31 December 2023 (Restated)
Shareholders' equity:				
Share capital	10,227,561	10,227,561	10,227,561	10,227,561
Other equity instruments	31,000,000	30,656,009	31,000,000	30,656,009
Capital reserve	14,740,024	14,357,934	15,751,636	15,380,487
Other comprehensive income	135,927	175,028	131,051	168,293
Specific reserve	339,039	112,758	45,596	30,963
Surplus reserve	5,040,910	5,040,910	5,075,675	5,075,675
Retained earnings	10,370,403	9,186,042	11,490,170	11,561,958
Total equity attributable to equity holders of the Company	71,853,864	69,756,242	N/A	N/A
Non-controlling interests	14,138,487	13,623,536	N/A	N/A
Total equity	85,992,351	83,379,778	73,721,689	73,100,946
Total liabilities and equity	222,219,637	223,036,299	128,649,640	128,522,861

CONSOLIDATED INCOME STATEMENT AND THE COMPANY'S INCOME STATEMENT (UNAUDITED)

As at 30 June 2024

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
1 · Total operating income	53,181,106	59,449,651	7,387,978	7,604,073
2 · Total operating costs	51,564,596	59,096,369	7,710,736	7,828,958
Including: Operating costs	48,597,921	56,232,014	6,965,125	7,051,871
Taxes and surcharges	686,233	430,912	97,425	73,318
Administrative expenses	648,616	624,698	156,287	161,164
Finance expenses	1,631,826	1,808,745	491,899	542,605
Add: Other income	358,761	351,565	53,851	7,059
Investment income	2,219,223	2,284,112	2,258,156	2,236,592
Including: income from investment in associates and joint ventures	1,993,958	2,272,579	1,907,052	2,229,214
Expected credit losses (loss to be listed with “-”)	381	7,801	-15,852	61
Gain on disposal of assets	388,580	99,652	21	-
3 · Operating profit	4,583,455	3,096,412	1,973,418	2,018,827
Add: Non-operating income	91,752	82,064	10,926	21,003
Less: Non-operating expenses	91,730	14,581	1,654	1,139
4 · Total profit (total loss to be listed with “-”)	4,583,477	3,163,895	1,982,690	2,038,691
Less: Income tax expenses/(credit)	809,598	474,798	8,780	-8,696

CONSOLIDATED INCOME STATEMENT AND THE COMPANY'S INCOME STATEMENT (UNAUDITED) (CONTINUED)

As at 30 June 2024

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
5 · Net profit	3,773,879	2,689,097	1,973,910	2,047,387
Classified according to operating continuity				
1. Net profit from continuing operations	3,773,879	2,689,097	1,973,910	2,047,387
Classified according to the ownership				
1. Attributable to equity shareholders of the Company	3,223,201	2,581,899	N/A	N/A
2. Minority interests	550,678	107,198	N/A	N/A
6 · Other comprehensive expense, net of tax	-39,506	-3,837	-37,242	-4,676
Other comprehensive expense attributable to equity shareholders of the Company, net of tax	-39,101	-3,987	N/A	N/A
Other comprehensive (expense)/income that cannot be reclassified through profits or losses	-24,922	9,238	-23,063	8,549
1. Other comprehensive (expense)/incomes that cannot be reclassified through profit or loss under the equity method	-24,922	9,238	-23,063	8,549
Other comprehensive expense that will be reclassified into profits or losses	-14,179	-13,225	-14,179	-13,225
1. Other comprehensive expense that can be re-classified into profit or loss under the equity method	-14,179	-13,225	-14,179	-13,225
Net of tax of other comprehensive (expense)/income attributable to minority shareholders	-405	150	N/A	N/A
7 · Total comprehensive income	3,734,373	2,685,260	1,936,668	2,042,711
Attributable to equity shareholders of the Company	3,184,100	2,577,912	N/A	N/A
Minority interests	550,273	107,348	N/A	N/A
8 · Earnings per share:				
Basic earnings per share (RMB/Share)	0.27	0.21	N/A	N/A
Diluted earnings per share (RMB/Share)	N/A	0.21	N/A	N/A

III 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 shareholders of the Company are analysed as follows:

Item	Notes	Net profit attributable to equity shareholders of the Company		Net asset attributable to equity shareholders of the Company	
		Six months ended 30 June 2024	2023	30 June 2024	31 December 2023
Amounts under CAS		3,223,201	2,581,899	71,853,864	69,756,242
Adjustments:					
Business combination involving entities under common control	1	-83,129	-83,811	3,345,448	3,428,577
Government grants	2	23,696	23,212	-354,215	-377,911
Maintenance and production safety funds	3	292,307	387,475	15,898	11,622
Taxation impact of the adjustments		20,782	20,952	-519,009	-539,791
Attributable to minority interest		-45,084	-52,887	-623,414	-640,080
Amounts under IFRSs		<u>3,431,773</u>	<u>2,876,840</u>	<u>73,718,572</u>	<u>71,638,659</u>

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) In accordance with IFRSs, maintenance and production safety funds are reflected separately as a special reserve item in shareholders' equity in the form of profit distribution at the time of withdrawal. Expenses incurred within the prescribed scope of use are recognized in profit or loss when the expenses are incurred, while capital expenditures are recognized as property, plant and equipment when they are incurred and depreciated in accordance with the corresponding depreciation method, and are carried forward within shareholders' equity in accordance with the actual amount of the maintenance fee and the production safety fee utilized in the current period, which will be deducted from the special reserve item and increased in the item of unappropriated earnings, up to the extent that the balance of the special reserve is reduced to zero. The balance of the special reserve shall be reduced to zero.

In accordance with the relevant regulations of the PRC governmental authorities, coal enterprises and power generation companies are required to accrue a certain amount of maintenance and production safety funds, which are charged to current expenses and reflected separately in the special reserve in shareholders' equity. When the earmarked reserve is utilized for expenses or the formation of fixed assets within the scope of the regulations, the earmarked reserve is reduced by the cost of the actual expenses or the formation of fixed assets.