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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"))
(Stock code: 1071)

**ANNUAL RESULTS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2022**

The board of directors (the "**Board**") of Huadian Power International Corporation Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2022 extracted from the audited consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards.

FINANCIAL AND BUSINESS SUMMARY

- Power generation by the Group in 2022 amounted to 220.93 million MWh. As compared with that calculated on the same basis, it increased by approximately 0.54% compared with the same period of the previous year. The volume of on-grid power sold amounted to 207.05 million MWh. As compared with that calculated on the same basis, it increased by approximately 0.32% compared with the same period of the previous year;
- Turnover of the Group in 2022 amounted to approximately RMB105,960 million, representing an increase of approximately 4.74% over 2021 (restated);
- Loss for the year attributable to equity holders of the Company in 2022 amounted to approximately RMB31 million; loss for the year attributable to equity shareholders of the Company amounted to approximately RMB932 million;
- Basic loss per share in 2022 was approximately RMB0.094, and the Board proposes to declare a final cash dividend of RMB0.2 per share (tax inclusive, based on the total share capital of 9,869,858,215 shares) for the financial year ended 31 December 2022, totaling approximately RMB1,973,971.64 thousand (tax inclusive). If the total share capital of the Company changes due to the conversion of the convertible corporate bonds to shares before the record date, the total cash dividends to be paid will be adjusted accordingly based on the total amount of RMB1,973,971.64 thousand (tax inclusive). The dividend distribution proposal is subject to the approval by the shareholders at the upcoming 2022 annual general meeting (such date has not been determined but will be published by the Company in due course).

PROFIT DISTRIBUTION

Pursuant to a resolution passed at the thirty-third meeting of the ninth session of the Board, the Board proposes to declare a final cash dividend of RMB0.2 per share (tax inclusive, based on the total share capital of 9,869,858,215 shares) for the financial year ended 31 December 2022, totaling approximately RMB1,973,971.64 thousand (tax inclusive). If the total share capital of the Company changes due to the conversion of the convertible corporate bonds to shares before the record date, the total cash dividends to be paid will be adjusted accordingly based on the total amount of RMB1,973,971.64 thousand (tax inclusive). The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2022 annual general meeting (such date has not been determined but will be published by the Company in due course). The circular of the 2022 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 2022 annual general meeting, the Company expects to distribute such cash dividends on or before 25 August 2023.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various hydropower projects. The Group's power generating assets in operation are located in 12 provinces, autonomous regions and municipalities 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 announcement, the Group had a total of 44 controlled power generation enterprises which have commenced operations involving a total of approximately 54,754.24 MW controlled installed capacity, primarily including approximately 43,700 MW attributable to coal-fired generating units, approximately 8,589.05 MW attributable to gas-fired generating units and approximately 2,459 MW attributable to hydropower generating units. The details 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 |
|------------|---|-------------------------|-------------------------------------|--|
| | 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 |
| Coal-fired | 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”) | 1,220 | 55% | 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 |

| Category | Name of power plant/company | Installed capacity (MW) | Equity interest held by the Company | Generating units |
|------------|--|-------------------------|-------------------------------------|--|
| | 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 ”) | 880 | 100% | 4 x 220 MW |
| | 13 Sichuan Guang’an Power Generation Company Limited (“ Guang’an Company ”) | 2,400 | 80% | 2 x 600 MW + 4 x 300 MW |
| | 14 Huadian Xinxiang Power Generation Company Limited (“ Xinxiang Company ”) | 1,320 | 98.72% | 2 x 660 MW |
| | 15 Huadian Luohe Power Generation Company Limited (“ Luohe Company ”) | 660 | 75% | 2 x 330 MW |
| | 16 Huadian Qudong Power Generation Company Limited (“ Qudong Company ”) | 660 | 90% | 2 x 330 MW |
| Coal-fired | 17 Shuozhou Thermal Power Branch Company of Huadian Power International Corporation Limited (“ Shuozhou Thermal Power Branch Company ”) | 701.2 | 100% | 2 x 350 MW + 1.2 MW ^{Note 2} |
| | 18 Anhui Huadian Suzhou Power Generation Company Limited (“ Suzhou Company ”) | 1,260 | 98.27% | 2 x 630 MW |
| | 19 Anhui Huadian Wuhu Power Generation Company Limited (“ Wuhu Company ”) | 2,320 | 65% | 1 x 1,000 MW + 2 x 660 MW |
| | 20 Anhui Huadian Lu’an Power Generation Company Limited (“ Lu’an Company ”) | 1,320 | 95% | 2 x 660 MW |
| | 21 Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (“ Yuhua Company ”) | 600 | 100% | 2 x 300 MW |
| | 22 Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (“ Luhua Company ”) | 661 | 90% | 2 x 330 MW + 1 MW ^{Note 2} |

| Category | Name of power plant/company | Installed capacity (MW) | Equity interest held by the Company | Generating units |
|------------|--|----------------------------|-------------------------------------|--|
| Coal-fired | 23 Guangdong Huadian Pingshi Power Generation Company Limited ("Pingshi Power Generation Company") | 600 | 100% | 2 x 300 MW |
| | 24 Guangdong Huadian Shaoguan Thermal Power Company Limited ("Shaoguan Thermal Power Company") | 700 | 100% | 2 x 350 MW |
| | 25 Huadian Hubei Power Generation Company Limited ("Hubei Company") <i>Note 1</i> | 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 |
| | 26 Hunan Huadian Changsha Power Generation Company Limited ("Changsha Company") | 1,200 | 70% | 2 x 600 MW |
| | 27 Hunan Huadian Changde Power Generation Company Limited ("Changde Company") | 1,320 | 48.98% | 2 x 660 MW |
| | 28 Hunan Huadian Pingjiang Power Generation Company Limited ("Pingjiang Company") | 1,000 | 100% | 1 x 1,000 MW |
| | 29 Tianjin Development Area Branch Company of Huadian Power International Corporation Limited ("Tianjin Development Area Branch Company") | 340 | 100% | 2 x 170 MW |

| Category | Name of power plant/company | Installed capacity (MW) | Equity interest held by the Company | Generating units |
|-----------|---|-------------------------|-------------------------------------|--|
| | 30 Guangdong Huadian Shenzhen Energy Company Limited (“ Shenzhen Company ”) | 365 | 100% | 1 x 120 MW + 2 x 82 MW + 1 x 81 MW |
| | 31 Hangzhou Huadian Banshan Power Generation Company Limited (“ Hangzhou 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 |
| Gas-fired | 35 Hebei Huadian Shijiazhuang Thermal Power Company Limited (“ Shijiazhuang Thermal Power Company ”) | 1,310.2 | 82% | 2 x 453.6 MW + 2 x 200 MW ^{Note 3} + 3 MW ^{Note 2} |
| | 36 Shijiazhuang Huadian Heat Corporation Limited (“ Shijiazhuang Heat Corporation ”) | 12.55 | 100% | 2 x 4.275 MW + 2 x 2 MW |
| | 37 Huadian Foshan Energy Company Limited (“ Foshan Energy Company ”) | 329 | 90% | 4 x 59 MW + 47.5 MW + 45.5 MW |
| | 38 Tianjin Huadian Fuyuan Thermal Power Company Limited (“ Fuyuan Thermal Power Company ”) | 400.49 | 100% | 2 x 200 MW + 0.49 MW ^{Note 2} |
| | 39 Tianjin Huadian Nanjiang Thermal Power Company Limited (“ Nanjiang Thermal Power Company ”) | 930 | 65% | 2 x 315 MW + 1 x 300 MW |
| | 40 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 |
|------------|--|-------------------------|--|--|
| | 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 |
| Coal-fired | 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 |
| | Huadian Hubei Power Generation Company Limited Wuchang Thermal Power Branch Company (“ Wuchang Thermal Power ”) | 370 | 100% | 2 x 185 MW |
| Gas-fired | 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.

(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 Sichuan Huadian Luding Hydropower Company Limited (“Luding Hydropower Company”) | 920 | 100% | 4 x 230 MW |
| | 2 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 |
| Hydropower | 3 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 |
| | 4 Hebei Huadian Complex Pumping-storage Hydropower Company Limited (“Hebei Hydropower Company”) | 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 ^{Note 2} |

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.

BUSINESS REVIEW

(1) Power Generation

As of the date of this announcement, the Group's total controlled installed capacity amounted to 54,754.24 MW. Power generation by the Group in 2022 amounted to 220.93 million MWh. As compared with that calculated on the same basis, it increased by approximately 0.54% compared with the same period of the previous year. The volume of on-grid power sold amounted to 207.05 million MWh. As compared with that calculated on the same basis, it increased by approximately 0.32% compared with the same period of the previous year. The annual utilization hours of the Group's generating units were 4,117 hours, among which the utilization hours of coal-fired generating units were 4,508 hours, the utilization hours of natural gas-fired generating units were 2,220 hours, and the utilization hours of hydropower generating units were 3,984 hours. The coal consumption for power supply was 287.11g/KWh in aggregate.

(2) Turnover

In 2022, the Group's turnover amounted to approximately RMB105,960 million, representing an increase of approximately 4.74% over 2021 (restated); of which revenue generated from sale of electricity amounted to approximately RMB95,496 million, representing an increase of approximately 16.39% over 2021 (restated); revenue generated from sale of heat amounted to approximately RMB8,971 million, representing an increase of approximately 19.53% over 2021 (restated); revenue generated from sale of coal amounted to approximately RMB1,494 million.

(3) Loss

In 2022, the Group's operating loss amounted to approximately RMB4,184 million, representing a decrease of approximately 71.03% over 2021 (restated), mainly due to the combined impact of the Group's full implementation of the national energy supply assurance policy, the implementation of multiple measures to deepen quality and efficiency improvement, the gradual implementation of the policy of rising on-grid price of coal-fired generation units and the year-on-year increase in earnings from equity investments. For the year ended 31 December 2022, the loss for the year attributable to equity holders of the Company amounted to approximately RMB31 million, the loss for the year attributable to equity shareholders of the Company amounted to approximately RMB932 million, and the basic loss per share was approximately RMB0.094.

(4) The Capacity of Newly-added Generating Units

From 1 January 2022 to the date of this announcement, the details of the Group's newly-added generating units are as follows:

| Projects | Category | Capacity (MW) |
|---|-----------------|-------------------------------|
| Pingjiang Company | Coal-fired | 1,000 |
| Tianjin Development Area Branch Company | Coal-fired | 340 |
| Shuiluohe Company | Hydropower | 56 |
| Shijiazhuang Thermal Power Company ^{Note} | Photovoltaic | 3 |
| Shuozhou Thermal Power Branch Company ^{Note} | Photovoltaic | 1.2 |
| Luhua Company ^{Note} | Photovoltaic | 1 |
| Fuyuan Thermal Power Company ^{Note} | Photovoltaic | 0.49 |
| Total | | <u><u>1,401.69</u></u> |

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

(5) Generating Units Approved and under Construction

As at the date of this announcement, the Group's major generating units approved and under construction are as follows:

| Company name | Planned new installed capacity |
|---|---|
| Guangdong Huadian Huizhou Energy Company Limited ("Huizhou Company") | Two 535 MW gas-fired generating units |
| Qingdao Company | Two 505.54 MW gas-fired generating units |
| Shantou Huadian Power Generation Company Limited ("Shantou Company") | Two 660 MW coal-fired generating units |
| Longkou Company | Two 1,000 MW coal-fired generating units |
| Pingjiang Company | Two 660 MW coal-fired generating units |
| Tianjin Development Area Branch Company | One 1,000 MW coal-fired generating unit |
| Zhejiang Huadian Wuxi River Hybrid Pumped Storage Power Generation Company Limited ("Wuxi River Company") | One 170 MW coal-fired generating unit |
| | 298 MW pumped storage generating unit |
| Total | <u><u>8,189.08 MW</u></u> |

BUSINESS OUTLOOK

(1) Competitive Landscape in the Industry and Development Trend

The Central Economic Work Conference points out that China's economy is highly resilient, potential and vigorous, and that with the continuous manifestation of effects of various policies, China's economy is expected to pick up in 2023. From the perspective of the long period of building a modern socialist country in an all-round way, the implementation of the strategy of expanding domestic demand, acceleration of the construction of a manufacturing power, and comprehensive promotion of the revitalization of rural areas will drive the rigid growth in the demand for electricity. Meanwhile, from the perspective of terminal energy use, the demand for the replacement of coal, oil and gas with electricity is increasing. The National Energy Administration predicts that the average annual growth rate of electricity generation in the "14th Five-Year Plan" period will be 4.3-5.2%, which will provide a predictable market opportunity for the long-term development of power enterprises.

According to the analysis and forecast of the national power supply and demand in 2023 by China Electricity Council, in terms of power demand, under normal weather conditions, it is expected that the electricity consumption of the entire society in China will be 9.15 trillion kWh in 2023, representing an increase of about 6% as compared with 2022. Macroeconomic growth, foreign trade export situation and extreme weather give rise to uncertainties about the demand for electricity consumption. In terms of power supply, it is expected that the new installed generating capacity in China will reach about 250 million KW in 2023, of which the new installed generating capacity of non-fossil energy will be 180 million KW, and the total installed generating capacity in China will reach about 2.81 billion KW by the end of 2023. Uncertainties about precipitation, wind and solar resources, fuel supply, etc., and the increase in the risks and hazards in equipment arising out of insufficient investment in technical renovation and maintenance as a result of the continuous loss incurred by coal-fired power enterprises increase the uncertainties about power generation and supply.

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 of the Communist Party of China and the deployment of the Central Economic Work Conference, adhered to the general tone of making progress while maintaining stability, fully, accurately and comprehensively implemented the new development philosophy, and served the building of a new development paradigm, and has taken high-quality development as the primary task, and focused on improving the quality of the Company. The Group has properly carried out work including energy supply assurance, transformation, development, quality improvement, efficiency enhancement, reform, innovation, and compliance management. The Group has endeavored to make rapid and excellent progress while maintaining stability and has made efforts to build a strong and large first-class listed energy company.

(3) Operation Plan of the Group in 2023

Without significant changes in external conditions, the Group is expected to generate about 220 billion kWh in 2023, and the utilization hours of power generating units are expected to remain largely stable. According to the actual progress of each project, in 2023, the Group plans to invest approximately RMB13 billion, which will be used for the construction of power source projects, environmental protection and energy-saving technology transformation projects, and other projects.

In 2023, the Group will focus on the following four aspects:

The Group will highlight the element control and steadily improve its profitability. The Group will enhance business analysis and judgment, and strengthen economic operation tracking and monitoring to ensure the achievement of the annual business objectives. The Group will strengthen the responsibility of improving quality and efficiency, take the governance of loss-making enterprises as the top priority in quality and efficiency improvement, comprehensively enhance budget management and process control, and spare no efforts to tap the potential and increase efficiency. The Group will strengthen the analysis of coal purchase strategies, coordinate the thermal coal ordering work for the year, and strive to improve the ability to ensure the supply, control prices and resist risks. The Group will expand market benefits, conduct in-depth research into macroeconomic policies, market-oriented reform situations and regional electricity price trends, and ensure that its electricity share matches the installed capacity and that the transaction prices are not lower than the average level for the same type. The Group will further promote the substantive operation of the electricity sales companies, consolidate the achievement of the increase in the coal-fired electricity price, strive to secure support under the gas-fired electricity price policy, and participate in spot market transactions in a scientific manner. The Group will strengthen capital assurance, coordinate internal and external sources of funds, and improve the efficiency in the use of funds. The Group will make full use of fiscal, taxation and financial policies, intensify efforts to secure support under energy policies, continue to properly issue perpetual bonds and special bonds of energy supply assurance, and reduce financing costs.

The Group will give prominence to the strategic orientation and accelerate the transformation and development. The Group will persist in green, low-carbon and sustainable development, and promote the implementation of its “14th Five-Year” development plan and carbon peaking action plan. The Group will speed up the adjustment of the power source structure, seize the policy opportunities, actively develop high-efficiency coal-fired power that meets various conditions, continue to strengthen the expansion of the resources of pumped-storage hydropower projects, actively promote the development of hydropower plants in river basins, develop gas-fired power projects in regions with good consumption market, strong affordability, policy support and income guarantee in a steady and orderly manner, according to local conditions, actively explore and develop new business forms and models including new energy storage, geothermal energy and smart energy, and continuously develop new sources of growth for the high-quality development of the Company.

The Group will highlight compliance with laws and regulations to ensure the standardized operation of the Company. The Group will persist in taking compliance with laws and regulations as the bottom line and red line for production, operation and development, strengthen the study of various new rules and requirements of the CSRC and the stock exchanges, and further standardize the operational procedures of the “general meeting, the Board and the Supervisory Committee”, thus continuously improving the quality and efficiency of the Company’s regulated operation. The Group will strengthen information disclosure management and improve the quality of information disclosure. The Group will strengthen the management, audit, dynamic tracking and supervision of connected transactions. The Group will earnestly perform the responsibility of the first person responsible for the construction of the rule of law, and steadily and properly carry out work for the construction of the rule of law.

The Group will highlight safety and environmental protection, and steadily consolidate a solid foundation for high-quality development. The Group will carry out in-depth investigations into and management of potential production safety hazards, flood prevention and “production safety month” activities, and strengthen production safety publicity and education to consolidate the foundation for production safety. The Group will closely follow up national environmental protection policies, continue to strengthen the environmental protection supervision, and focus on strengthening the in-depth optimization of water consumption, and transformation of water pollution prevention and control, to ensure compliance with environmental requirements. The Group will actively participate in the supervision of the process of “simultaneous conducting of three tasks” for the environmental protection of new projects, and properly carry out the environmental protection acceptance inspection and water and soil conservation acceptance inspection upon completion to ensure that new projects are in compliance with regulations and laws. The Group will pay close attention to relevant national policies and regulations, and continuously strengthen carbon emission management. The Group will promote energy conservation and consumption reduction in depth, tap the potential for energy efficiency improvement in units, carry out energy conservation and consumption reduction actions in depth, continuously reduce the coal consumption of power supply, and improve the operation stability and economy of units.

(4) Possible Risks and Measures

At present, the foundation for economic recovery in China remains weak, with three large pressures, namely demand contraction, supply shocks and weaker expectation. Due to the “three pressures”, the Company’s business situation remains extremely severe and complicated, and the possible risks mainly include:

Firstly, electricity market risks. In order to achieve the strategic goals of “carbon peaking and carbon neutrality”, China promotes the construction of a new power system with new energy as the mainstay. At present, the proportion of the installed thermal power generation capacity of the Group is relatively high, and the problem of unbalanced and uncoordinated power source structure and asset allocation still exists.

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. In advancing the transformation and upgrading of coal-fired power generating units, the Group will give overall consideration to the energy-saving transformation of coal-fired power, heat supply transformation and flexibility transformation. The Group will play a greater role in peak load, frequency, voltage regulation and standby of the power system, so as to meet the basic need and ensure the supply. With the objective of effectively improving the competitiveness in the capital market, the Group will preferentially develop new industries and technologies including pumped-storage hydropower, geothermal energy and smart energy, innovate and develop new business forms and models including comprehensive energy, virtual power plants and new energy storage, and actively develop high-efficiency coal-fired power and high-quality gas-fired power that meet various conditions, so as to promote effective qualitative improvement and reasonable quantitative growth in assets of the Group.

Secondarily, fuel market risks. In China, coal production is highly concentrated, and coal-fired power enterprises have a weak ability to bargain and control prices. At present, the tight supply of coal in the market remains and continuously high prices of coal and natural gas further increase the production costs of thermal power enterprises, resulting in increased losses of some enterprises.

The Group will focus on cost control and a return to profit, increase the number of long-term coal contracts and the contract fulfillment rate, scientifically grasp the coal inventory and purchase opportunities, and spare no efforts to control and reduce fuel costs. The Group will give full play to its financing function as a listed company, and further expand the low-cost financing channels, and obtain low-cost funds with “sufficient quantity and favorable price” in a continuous and stable manner.

Thirdly, environmental protection risks. As the Group has coal-fired power generating units under construction, the total carbon emissions will continue to increase in the short term. The characteristics of the thermal power industry affect the ESG rating of the Company, giving rise to certain risks to the Group’s reputation in the capital market.

The Group will be firmly devoted to tackling difficulties in pollution prevention and control, promote in-depth optimization of water consumption, transformation of water pollution prevention and control, in-depth treatment of fugitive emissions and clean transportation of coal in an orderly manner, and continuously strengthen the management of carbon emissions. The Group will further popularize the ESG philosophy among its subsidiaries, improve the construction of an ESG governance system, and enhance the brand image of practicing green and sustainable development and actively fulfilling social responsibilities.

Fourthly, risks of development of new business forms. There are uncertainties about new business forms and models including new energy storage and new power distribution networks in terms of policy implementation and investment income.

The Group will further strengthen policy research, and preferentially promote the implementation. The Group will make full use of financial, market, technological and other means to strengthen business model research and practice, according to the characteristics of emerging businesses. The Group will develop and promote the conducting of “Three New Businesses.”

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 2022 amounted to RMB121,020.7 billion, representing an increase of 3.0% over the last year. According to the data released by the National Energy Administration, power consumption of the entire society totalled 8,637.2 billion KWh in 2022, representing a year-on-year increase of 3.6%. With regard to different industries, the consumption by the primary industry accounted for 114.6 billion KWh, representing a year-on-year increase of 10.4%; the consumption by the secondary industry accounted for 5,700.1 billion KWh, representing a year-on-year increase of 1.2%; and the consumption by the tertiary industry accounted for 1,485.9 billion KWh, representing a year-on-year increase of 4.4%; and the consumption by urban and rural residents accounted for 1,336.6 billion KWh, representing a year-on-year increase of 13.8%.

(2) Turnover

In 2022, the turnover of the Group was approximately RMB105,960 million, representing an increase of approximately 4.74% over 2021 (restated), mainly due to the rising on-grid price of coal-fired generation units.

(3) Major Operating Expenses

In 2022, the operating expenses of the Group amounted to approximately RMB110,144 million, representing a decrease of approximately 4.73% over 2021 (restated). The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB82,866 million in 2022, representing an increase of approximately 10.95% over 2021 (restated), mainly due to the rising coal and natural gas prices.

Costs of coal sold of the Group amounted to approximately RMB1,228 million in 2022, representing a decrease of approximately 89.18% over 2021, mainly due to the decrease in coal trading volume.

Depreciation and amortisation expenses of the Group amounted to approximately RMB10,037 million in 2022, representing a decrease of approximately 12.76% over 2021 (restated), mainly due to the combined impact of the deconsolidation of wind and photovoltaic power assets in this year after the integration of new energy assets in the previous year and the operation of new generating units.

In 2022, the repair, maintenance and inspection expenses of the Group were approximately RMB3,892 million, representing an increase of approximately 2.81% over 2021 (restated), mainly due to the combined impact of the increase in energy conservation inputs, the rise in raw material prices and the operation of new generating units.

In 2022, the staff cost of the Group was approximately RMB7,154 million, representing an increase of approximately 2.80% over 2021, mainly due to the combined impact of the increase in employee compensation linked to operating results and the operation of new generating units.

In 2022, the administration expenses of the Group were approximately RMB2,696 million, representing a decrease of approximately 44.15% over 2021 (restated), mainly due to the impairment provision for the assets held for sale in the previous year.

(4) Investment Income

Investment income of the Group amounted to approximately RMB9 million in 2022, as compared to approximately RMB6,565 million in 2021 (restated). The change was mainly due to the one-off revenue from integration of new energy assets in the previous year and others.

(5) Other Net Income

Other net income of the Group amounted to approximately RMB773 million in 2022, representing a decrease of approximately 43.12% over 2021, mainly due to decrease in sales revenue from by-products of power generation such as coal ash.

(6) Finance Costs

Finance costs of the Group amounted to approximately RMB4,131 million in 2022, representing a decrease of approximately 5.09% over 2021, mainly due to the Group's greater efforts in capital operation and financing innovation and the lower financing cost.

(7) Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB4,797 million in 2022, representing an increase of approximately 92.84% over 2021 (restated), mainly due to the increase in income from the invested new energy and coal enterprises.

(8) Income Tax

Income tax credit of the Group amounted to approximately RMB615 million in 2022, as compared to approximately RMB1,775 million in 2021. The change was mainly due to the improvement in the Group's operating results.

(9) Pledge and Mortgage of Assets

As at 31 December 2022, the Company's subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB11,105 million.

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

(10) Indebtedness

As at 31 December 2022, the total borrowings of the Group amounted to approximately RMB97,388 million, of which borrowings denominated in Euro amounted to approximately EUR6.29 million. The liabilities to assets ratio (representing the total liabilities divided by total assets of the Group as at 31 December 2022) was approximately 67.80%. Borrowings of the Group were mainly of floating interest rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB37,648 million, and long-term borrowings due after one year amounted to approximately RMB59,740 million. The closing 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 RMB27,476 million. The closing balance of lease liabilities of the Group amounted to approximately RMB280 million.

(11) Contingent Liabilities

As of 31 December 2022, the Group did not have material contingent liability.

(12) 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 2022, the balance of the Group's provisions amounted to approximately RMB60 million.

(13) Cash Flow Analysis

In 2022, the net cash inflow from operating activities of the Group amounted to approximately RMB5,419 million, and the net cash outflow from operating activities amounted to approximately RMB10,772 million in 2021 (restated), mainly due to the increase in on-grid price of coal-fired generation units. The net cash outflow used in investing activities amounted to approximately RMB8,509 million, and the net cash outflow used in investing activities amounted to approximately RMB13,740 million in 2021 (restated), mainly due to the integration of new energy assets in the previous year. The net cash inflow from financing activities amounted to approximately RMB3,052 million, and the net cash inflow from financing activities amounted to approximately RMB23,958 million in 2021, mainly due to the repayment of loans and bonds.

(14) 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.

SIGNIFICANT EVENTS

1. Resignation of General Manager

On 30 December 2022, due to the age consideration, Mr. Luo Xiaoqian tendered his resignation as an executive director of the ninth session of the Board, a member of the Nomination Committee and the general manager of the Company. The resignation of Mr. Luo Xiaoqian as a director and a member of the Nomination Committee of the Company will take effect upon the election of the new director at the general meeting of the Company. The resignation of Mr. Luo Xiaoqian as the general manager of the Company will take effect on the date of delivering the resignation to the Board of the Company.

For details, please see the announcement of the Company dated 30 December 2022.

2. Appointment of Deputy General Manager

On 25 March 2022, Mr. Qin Jiehai was appointed as the deputy general manager of the Company at the 24th meeting of the ninth session of the Board of the Company.

For details, please see the announcement of the Company dated 25 March 2022.

3. Change of Company Secretary, Authorized Representative and General Counsel, and Appointment of Representative of Securities Affairs

On 31 May 2022, Mr. Qin Jiehai was appointed as the joint company secretary, the secretary to the Board, the authorized representative of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the general counsel of the Company at the 26th meeting of the ninth session of the Board of the Company.

On 31 May 2022, Ms. Ng Ka Man was appointed as the joint company secretary of the Company at the 26th meeting of the ninth session of the Board of the Company.

On 31 May 2022, due to personal work adjustment, Mr. Zhang Gelin ceased to serve as the company secretary of the Company, and the authorized representative of the Company under Rule 3.05 of the Hong Kong Listing Rules of the Hong Kong Stock Exchange.

On 31 May 2022, due to personal work adjustment, Mr. Chen Bin ceased to serve as the general counsel of the Company.

On 31 May 2022, Mr. Hu Shufeng was appointed as the representative of securities affairs of the Company at the 26th meeting of the ninth session of the Board of the Company.

For details, please see the announcement of the Company dated 31 May 2022.

4. Change of Director and Chief Financial Officer

On 15 June 2022, Mr. Feng Rong tendered his resignation as an executive director, a member of the Strategic Committee and the chief financial officer of the Company due to personal work adjustment. The resignation of Mr. Feng Rong will take effect on the date of delivering the registration to the Board.

On 15 June 2022, Mr. Li Guoming was appointed as the chief financial officer of the Company at the 27th meeting of the ninth session of the Board of the Company.

For details, please see the announcement of the Company dated 15 June 2022.

5. Convening of Extraordinary General Meeting and Changing of Directors

The Company convened the 2022 first extraordinary general meeting (the “EGM”) on 24 August 2022. Mr. Dai Jun and Mr. Li Guoming were appointed as executive directors of the ninth session of the Board of the Company at the EGM, with a term of office commencing from the conclusion of the EGM and ending on the expiry of the term of the ninth session of the Board.

On 28 July 2022, Mr. Ding Huande resigned as the chairman of the Board, the executive director and the chairman of the Strategic Committee of the ninth session of the Board of the Company due to reaching the retirement age with effect from 24 August 2022. Mr. Ding Huande has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company.

On 26 August 2022, at the 29th meeting of the ninth session of the Board of the Company, Mr. Dai Jun has been appointed as the chairman of the Board and the chairman of the Strategic Committee of the Company; Mr. Li Guoming has been appointed as a member of the Strategic Committee of the Company.

For details, please see the announcements of the Company dated 28 July 2022, 24 August 2022, 26 August 2022 and the notice of the EGM dated 28 July 2022.

6. Real Estate Investment Trust Funds (the “REITs”) for Infrastructure Assets

On 31 May 2022, the 26th meeting of the ninth session of the Board of the Company considered and approved the Resolution in relation to the Commencement of Infrastructure REITs Application Work (《關於開展基礎設施REITs申報工作的議案》), at which the Company agreed to commence the infrastructure REITs application work. It aims to respond to the call of national policies, establish a capital circulation system, and achieve a full-cycle capital circulation operating model of “Investment, Financing, Management, and Withdrawal (投融管退)”.

The Company intended to select the natural gas heat and power co-generation projects (天然氣熱電聯產項目) owned by certain subsidiaries in Zhejiang Province (the “**Project Companies**”) as the pooled assets. As of 31 December 2021, the total assets of the Project Companies were approximately RMB2,805 million, the total liabilities were approximately RMB1,690 million, the total operating income in 2021 were approximately RMB1,756 million, and the total profits were approximately RMB135 million (audited).

If the Company proceeds with the transaction, the proposed transaction may constitute a spin-off by the Company pursuant to Practice Note 15 (“**PN15**”) of the Hong Kong Listing Rules. The Company will apply for approvals for the Proposed Transaction from relevant regulatory authorities in due course, including but not limited to making application to The Stock Exchange of Hong Kong Limited with respect of the transaction for approvals of the spin-off, pursuant to PN15.

The Company will cooperate with relevant professional institutions to continuously improve and form formal application materials in accordance with the relevant rules and requirements of regulatory institutions, submit applications to relevant regulatory institutions, and promote the registration, issuance and listing of the publicly traded fund. The final plan for the establishment of infrastructure REITs will be determined based on the approval of relevant regulatory institutions. Currently, related work is in progress.

For details, please see the announcement of the Company dated 31 May 2022.

7. Convertible Bonds Entering the Conversion Period

On 28 September 2021, the Company submitted the relevant registration materials to China Securities Depository and Clearing Corporation Limited, Shanghai Branch, in respect of the new shares and new convertible corporate bonds. The number of new shares issued through private placement was 6,881,562 and the number of convertible corporate bonds issued through private placement was 14,701,590. The Securities Registration Certificate was issued by China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

Pursuant to the Report on Asset Acquisition Through Issuance of Shares and Convertible Corporate Bonds by Huadian Power International Corporation Limited, the “Huadian Dingzhuān (華電定轉)” convertible corporate bonds issued by the Company were convertible into shares of the Company from 28 September 2022. The conversion period is from 28 September 2022 to 27 September 2024. As of 31 December 2022, a total of RMB nil of “Huadian Dingzhuān” was converted into shares of the Company, and the cumulative number of shares converted was nil.

For details, please see the announcements of the Company dated 30 September 2021 and 22 September 2022.

SUBSEQUENT 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 see the announcement of the Company dated 2 March 2023.

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 2022 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 2022, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 31 December 2022.

| 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) | 45.94% | 55.62% | – | Beneficial owner Interests in a controlled corporation |
| | H shares | 85,862,000 (L) | 0.87% | – | 5.00% | |
| Shandong Development Investment Holding Group Co., Ltd. | A shares | 686,805,546 (L) | 6.96% | 8.42% | – | 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 2022, 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.

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

As at 31 December 2022, 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 2022, 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.

CORPORATE GOVERNANCE

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 (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;
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;
11. Management Rules on Investor Relations and Implementation Procedures;
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 Methods 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 2022 has met the requirements under the code provisions in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 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 10 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 2022, a total of nine Board meetings were held by the Company.
- The audit committee comprises five members, including two non-executive directors and three independent non-executive directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2022, 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 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2022, 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 2022 and the financial statements prepared under IFRSs for the financial year ended 31 December 2022.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of preliminary announcement of Group’s results for the year ended 31 December 2022 have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly Hong Kong Limited on the preliminary announcement.

MATERIAL LITIGATION

As of 31 December 2022, 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.

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

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

Dai Jun (Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Peng Xingyu (Non-executive Director), Luo Xiaoqian (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Pengyun (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Li Menggang (Independent Non-executive Director) and Wang Yuesheng (Independent Non-executive Director).

Beijing, the PRC
29 March 2023

* For identification purpose only

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

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under IFRSs of the Group as set out in its 2022 annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in Renminbi)

| | <i>Note</i> | 2022 RMB'000 | 2021 RMB'000 (Restated) |
|---|-------------|------------------------|--------------------------------------|
| Turnover | 3 | 105,960,339 | 101,168,876 |
| Operating expenses | | | |
| Fuel costs | | (82,865,965) | (74,689,441) |
| Costs of coal sold | | (1,227,745) | (11,352,083) |
| Depreciation and amortisation | | (10,037,498) | (11,505,464) |
| Repairs, maintenance and inspection | | (3,892,007) | (3,785,640) |
| Personnel costs | 4 | (7,153,546) | (6,958,393) |
| Administration expenses | | (2,696,380) | (4,827,531) |
| Taxes and surcharges | 5 | (871,948) | (976,501) |
| Other operating expenses | 9(b) | (1,399,244) | (1,515,306) |
| | | (110,144,333) | (115,610,359) |
| Operating loss | | (4,183,994) | (14,441,483) |
| Investment income | 6 | 8,673 | 6,565,017 |
| Other revenue | 7 | 1,104,893 | 1,370,714 |
| Other net income | 7 | 773,360 | 1,359,670 |
| Interest income from bank deposits | | 84,376 | 136,259 |
| Fair value gain/(loss) on financial assets at fair value through profit or loss | | 10,322 | (37,228) |
| Finance costs | 8 | (4,131,194) | (4,352,826) |
| Share of results of associates and joint ventures | | 4,796,637 | 2,487,413 |
| Loss before taxation | 9(a) | (1,536,927) | (6,912,464) |
| Income tax credit | 10 | 614,821 | 1,774,724 |
| Loss for the year | | (922,106) | (5,137,740) |

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

For the year ended 31 December 2022

(Expressed in Renminbi)

| | Note | 2022 RMB'000 | 2021 RMB'000 (Restated) |
|--|------|--------------------------|-------------------------------|
| Other comprehensive income: | | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | | |
| Share of other comprehensive income of investees accounted for under the equity method (with nil tax effect) | | <u>34,746</u> | <u>38,391</u> |
| <i>Items 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) | | <u>(7,365)</u> | <u>41,412</u> |
| Other comprehensive income for the year (net of tax) | 11 | <u>27,381</u> | <u>79,803</u> |
| Total comprehensive expense for the year | | <u><u>(894,725)</u></u> | <u><u>(5,057,937)</u></u> |
| Loss for the year attributable to: | | | |
| Equity holders of the Company | | <u>(30,791)</u> | <u>(3,255,963)</u> |
| Non-controlling interests | | <u>(891,315)</u> | <u>(1,881,777)</u> |
| | | <u><u>(922,106)</u></u> | <u><u>(5,137,740)</u></u> |
| Total comprehensive expense for the year attributable to: | | | |
| Equity holders of the Company | | <u>(3,755)</u> | <u>(3,176,363)</u> |
| Non-controlling interests | | <u>(890,970)</u> | <u>(1,881,574)</u> |
| | | <u><u>(894,725)</u></u> | <u><u>(5,057,937)</u></u> |
| Basic and diluted loss per share | 12 | <u><u>RMB(0.094)</u></u> | <u><u>RMB(0.434)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

(Expressed in Renminbi)

| | <i>Note</i> | 2022 RMB'000 | 2021 RMB'000 (Restated) |
|---|-------------|-------------------------------|-------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 128,171,003 | 125,638,139 |
| Right-of-use assets | | 5,979,607 | 6,497,402 |
| Construction in progress | | 14,842,864 | 15,804,052 |
| Investment properties | | 71,405 | 61,828 |
| Intangible assets | | 1,939,859 | 1,900,627 |
| Goodwill | | 1,032,483 | 1,199,701 |
| Interests in associates and joint ventures | | 41,482,010 | 37,387,135 |
| Financial assets at fair value through profit or loss | | 370,055 | 330,064 |
| Other non-current assets | | 823,936 | 1,762,095 |
| Deferred tax assets | | 2,858,796 | 2,289,323 |
| | | 197,572,018 | 192,870,366 |
| Current assets | | | |
| Inventories | | 3,937,380 | 6,130,892 |
| Trade debtors and bills receivable | <i>13</i> | 12,389,467 | 9,265,280 |
| Deposits, other receivables and prepayments | | 6,521,277 | 7,554,257 |
| Tax recoverable | | 99,832 | 552,862 |
| Restricted deposits | | 374,824 | 145,463 |
| Cash and cash equivalents | | 5,907,615 | 5,945,067 |
| | | 29,230,395 | 29,593,821 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

(Expressed in Renminbi)

| | <i>Note</i> | 2022 RMB'000 | 2021 <i>RMB'000</i> (Restated) |
|--|-------------|-------------------------------|--------------------------------------|
| Current liabilities | | | |
| Bank loans | | 28,838,057 | 29,968,493 |
| Loans from shareholders | | 1,358,019 | 617,054 |
| State loans | | 1,781 | 1,733 |
| Other loans | | 7,450,216 | 5,491,491 |
| Short-term debentures payable | | – | 2,023,880 |
| Long-term debentures payable – current portion | | 2,442,132 | 5,861,218 |
| Amount due to the parent company | | 11,245 | 27,599 |
| Lease liabilities | | 218,402 | 240,830 |
| Trade creditors and bills payable | <i>14</i> | 16,606,208 | 14,793,426 |
| Other payables and contract liabilities | | 6,088,796 | 6,431,258 |
| Tax payable | | 76,954 | 205,952 |
| | | 63,091,810 | 65,662,934 |
| Net current liabilities | | (33,861,415) | (36,069,113) |
| Total assets less current liabilities | | 163,710,603 | 156,801,253 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2022

(Expressed in Renminbi)

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> (Restated) |
|---|--------------------------|--------------------------------------|
| Non-current liabilities | | |
| Bank loans | 49,551,462 | 45,353,610 |
| Loans from shareholders | 4,395,860 | 5,579,400 |
| State loans | 44,880 | 45,384 |
| Other loans | 5,747,581 | 5,703,716 |
| Long-term debentures payable | 23,572,927 | 16,078,002 |
| Convertible bonds – liability component | 1,461,245 | 1,433,637 |
| Lease liabilities | 61,492 | 327,557 |
| Provisions | 59,733 | 64,242 |
| Deferred government grants | 1,422,925 | 1,266,742 |
| Deferred income | 2,871,409 | 2,896,818 |
| Deferred tax liabilities | 1,482,251 | 1,690,353 |
| Retirement benefit obligations | 9,929 | 15,078 |
| | <u>90,681,694</u> | <u>80,454,539</u> |
| Net assets | <u><u>73,028,909</u></u> | <u><u>76,346,714</u></u> |
| Capital and reserves | | |
| Share capital | 9,869,858 | 9,869,858 |
| Perpetual capital securities | 23,506,213 | 22,473,349 |
| Reserves | 28,054,481 | 31,451,229 |
| Equity attributable to equity holders of the Company | <u>61,430,552</u> | <u>63,794,436</u> |
| Non-controlling interests | <u>11,598,357</u> | <u>12,552,278</u> |
| Total equity | <u><u>73,028,909</u></u> | <u><u>76,346,714</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with all applicable IFRSs issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

At 31 December 2022, the Group had net current liabilities of approximately RMB33,861 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 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.

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, 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.

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.

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.

2. Application of amendments to IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual periods beginning on or after 1 January 2022 for the preparation of the Group's consolidated financial statements:

| | |
|--|--|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to IFRSs 2018-2020 | Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 |

Except as described below, the application of the 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.

Impacts on application of Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were 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 relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment (including construction in progress) made available for use on or after the beginning of 1 January 2021. In addition, appropriate adjustments were made to conform the associates' accounting policies to those of the Group. The details of the impacts are set out below. Comparative figures have been restated.

The effects of the changes in accounting policies on the consolidated statement of profit or loss and other comprehensive income and loss per share, are as follows:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Increase in turnover | 175,299 | 185,324 |
| (Increase)/decrease in operating expenses | | |
| – Fuel costs | (166,529) | (217,610) |
| – Depreciation and amortisation | – | 883 |
| – Repairs, maintenance and inspection | (1,612) | (6,946) |
| – Administration expenses | – | (178) |
| – Other operating expenses | (2,331) | (3,628) |
| Increase in investment income | – | 103,100 |
| Increase in share of results of associates and joint ventures | 176,155 | 17,204 |
| | <u>180,982</u> | <u>78,149</u> |
| Net decrease in loss and total comprehensive expense for the year | | |
| | <u>180,982</u> | <u>78,149</u> |
| Decrease in loss and total comprehensive expense for the year attributable to: | | |
| Equity holders of the Company | 180,982 | 86,019 |
| Non-controlling interests | – | (7,870) |
| | <u>180,982</u> | <u>78,149</u> |

2. Application of amendments to IFRSs (continued)

Impact on basic and diluted loss per share

| | 2022 | 2021 |
|--|-------------------|-------------|
| Basic and diluted loss per share before adjustments | RMB(0.112) | RMB (0.443) |
| Net adjustments arising from change in accounting policy | RMB 0.018 | RMB 0.009 |
| Reported basic and diluted loss per share as restated | RMB(0.094) | RMB(0.434) |

The effects of the changes in accounting policies on the consolidated statement of financial position at the end of the immediately preceding financial year, i.e., 31 December 2021 are as follows:

| | At 31 December 2021 RMB'000 (As originally stated) | Adjustments RMB'000 | At 31 December 2021 RMB'000 (Restated) |
|--|--|------------------------|---|
| Property, plant and equipment | 125,676,926 | (38,787) | 125,638,139 |
| Construction in progress | 15,807,420 | (3,368) | 15,804,052 |
| Interests in associates and joint ventures | 37,266,831 | 120,304 | 37,387,135 |
| Total non-current assets | 192,792,217 | 78,149 | 192,870,366 |
| Total assets less current liabilities | 156,723,104 | 78,149 | 156,801,253 |
| Net assets | 76,268,565 | 78,149 | 76,346,714 |
| Reserves | 31,365,210 | 86,019 | 31,451,229 |
| Equity attributable to equity holders of the Company | 63,708,417 | 86,019 | 63,794,436 |
| Non-controlling interests | 12,560,148 | (7,870) | 12,552,278 |
| Total equity | 76,268,565 | 78,149 | 76,346,714 |

There were no effects to the consolidated financial position at 1 January 2021, the beginning of the comparative period, as a result of application of Amendments to IAS 16.

The effects of the changes in accounting policies result on the consolidated statement of cash flows, are as follows:

| | 2022 RMB'000 | 2021 RMB'000 |
|--|------------------|-----------------|
| Cash flows from operating activities | | |
| Cash received from customers and others | 84,526 | 152,646 |
| Cash paid to suppliers, employees and others | (141,479) | (203,502) |
| Net decrease in cash generated from operating activities | (56,953) | (50,856) |
| Cash flows from investing activities | | |
| Payment of purchase of property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets | 56,953 | 50,856 |
| Net decrease in cash used in investing activities | 56,953 | 50,856 |

3. 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:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Revenue from contracts with customers within the scope of IFRS 15 | | |
| Sale of electricity | 95,495,823 | 82,047,326 |
| Sale of heat | 8,970,609 | 7,504,897 |
| Sale of coal | 1,493,907 | 11,616,653 |
| | <u>105,960,339</u> | <u>101,168,876</u> |

(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 as 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 2022, the revenue from two (2021: two) regional and provincial power grid operators accounted for 47% (2021: 42%) 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:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|-------------|------------------------|------------------------|
| Customer A* | 35,470,043 | 30,851,776 |
| Customer B* | 14,603,841 | 11,539,187 |

* Revenue from sale of electricity.

4. Personnel costs

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Wages, welfare and other benefits | 4,722,700 | 4,526,316 |
| Retirement benefits | 1,183,522 | 1,211,742 |
| Other staff costs | 1,247,324 | 1,220,335 |
| | <u>7,153,546</u> | <u>6,958,393</u> |

5. Taxes and surcharges

During the year, taxes and surcharges of the Group with the amount of approximately RMB872 million (2021: RMB977 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

6. Investment income

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Dividend income from financial assets measured at fair value through profit or loss | 3,413 | 24,176 |
| Dilution gain on investment in an associate | – | 1,793,703 |
| Gain on loss of control of subsidiaries | – | 4,649,443 |
| Gain on disposal of associates | – | 119,154 |
| Interest on loans and receivables | 14,878 | 15,200 |
| Loss on deregistration of a subsidiary | (1,543) | – |
| Loss on disposal of financial assets measured at fair value through other comprehensive income | (8,075) | (36,659) |
| | <u>8,673</u> | <u>6,565,017</u> |

7. Other revenue and net income

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Other revenue | | |
| Government grants (<i>Note</i>) | 757,986 | 751,233 |
| Revenue from upfront installation fees for heating networks | 227,492 | 263,737 |
| Others | 119,415 | 355,744 |
| | <u>1,104,893</u> | <u>1,370,714</u> |
| Other net income | | |
| Gain on disposal of property, plant and equipment, right-of-use assets and intangible assets | 221,101 | 325,292 |
| Net income from sale of materials | 783,121 | 1,362,118 |
| Others | (230,862) | (327,740) |
| | <u>773,360</u> | <u>1,359,670</u> |

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.

8. Finance costs

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---|-------------------------|-------------------------|
| Interest on loans and other financial liabilities | 4,232,436 | 4,497,310 |
| Interest on lease liabilities | 19,524 | 38,616 |
| Interest on convertible bonds | 57,011 | 14,657 |
| Other finance costs | 34,889 | 117,961 |
| Net foreign exchange loss/(gain) | 5,489 | (5,702) |
| Less: interest capitalised | <u>(218,155)</u> | <u>(310,016)</u> |
| | <u>4,131,194</u> | <u>4,352,826</u> |

The borrowing costs have been capitalised at an average rate of 3.61% (2021: 4.08%) per annum for construction in progress.

9. Loss before taxation

(a) *Loss before taxation is arrived at after charging:*

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Amortisation | | |
| – Intangible assets | 111,552 | 205,379 |
| Depreciation | | |
| – Property, plant and equipment | 9,631,805 | 10,985,433 |
| – Right-of-use assets | 292,150 | 314,102 |
| – Investment properties | <u>1,991</u> | <u>550</u> |
| Total depreciation and amortisation | 10,037,498 | 11,505,464 |
| Auditor's remuneration | | |
| – Audit services | 6,950 | 6,950 |
| – Non-audit services | 1,250 | 1,250 |
| Cost of inventories recognised | 87,985,717 | 89,827,164 |
| Impairment losses under expected credit loss model, net (included in administration expenses) | | |
| – Trade debtors and bills receivable | 41,372 | 97,631 |
| – Deposits, other receivables and prepayments | 3,528 | 373,446 |
| Write down of inventories, net | 1,434 | 42,298 |
| Impairment losses on non-financial assets (included in administration expenses): | | |
| – Property, plant and equipment | 432,890 | 302,906 |
| – Construction in progress | 513,876 | 361,305 |
| – Goodwill | 167,218 | 423,203 |
| Expense relating to short-term leases | 54,991 | 21,451 |
| Research and development costs | <u>–</u> | <u>2,761</u> |

9. Loss before taxation (continued)

(b) Other operating expenses:

| | 2022 RMB'000 | 2021 RMB'000 (Restated) |
|---|------------------|-------------------------------|
| Heating | 629,329 | 508,334 |
| Power charges | 298,015 | 576,704 |
| Water charges | 435,405 | 389,414 |
| Environmental restoration expenses | 7,897 | 13,782 |
| Other expense relating to short-term leases | 28,598 | 27,072 |
| | <u>1,399,244</u> | <u>1,515,306</u> |

10. Income tax in the consolidated statement of profit or loss and other comprehensive income

| | 2022 RMB'000 | 2021 RMB'000 |
|--|------------------|--------------------|
| Current tax – PRC Enterprise Income Tax | | |
| Charge for the year | 173,079 | 416,058 |
| Over-provision in respect of prior years | (10,325) | (11,729) |
| | <u>162,754</u> | <u>404,329</u> |
| Deferred tax | | |
| Origination and reversal of temporary differences and tax losses | (777,575) | (2,179,053) |
| | <u>(614,821)</u> | <u>(1,774,724)</u> |

Income tax credit in the consolidated statement of profit or loss and other comprehensive income

11. Other comprehensive income

| | 2022 RMB'000 | 2021 RMB'000 |
|--|-----------------|-----------------|
| Share of other comprehensive income of investees accounted for under the equity method | 34,746 | 38,391 |
| Share of other comprehensive (expense)/income (non-recycling) of investees accounted for under the equity method | (7,365) | 41,412 |
| | <u>27,381</u> | <u>79,803</u> |

12. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the 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.

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> (Restated) |
|--|------------------------|--------------------------------------|
| Loss attributable to equity holders of the Company | (30,791) | (3,255,963) |
| Less: Profit attributable to holders of perpetual capital securities | <u>(900,875)</u> | <u>(1,023,261)</u> |
| Loss attributable to equity shareholders | <u>(931,666)</u> | <u>(4,279,224)</u> |
| Weighted average number of ordinary shares in issue (Rounded to the nearest thousand) | <u>9,869,858</u> | <u>9,864,768</u> |
| Basic loss per share (RMB) | <u>(0.094)</u> | <u>(0.434)</u> |

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the years ended 31 December 2022 and 2021, the Company has 1 category of dilutive potential ordinary shares which is the convertible bonds.

The diluted loss per share for the years ended 31 December 2022 and 2021 are the same as the respective basic loss per share because the conversion of convertible bonds will have an anti-dilutive effect.

13. Trade debtors and bills receivable

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Trade debtors and bills receivable for the sale of electricity | 11,215,958 | 8,187,764 |
| Trade debtors and bills receivable for the sale of heat | 994,957 | 841,053 |
| Trade debtors and bills receivable for the sale of coal | <u>539,884</u> | <u>565,380</u> |
| | 12,750,799 | 9,594,197 |
| Less: allowance for impairment | <u>(361,332)</u> | <u>(328,917)</u> |
| | <u>12,389,467</u> | <u>9,265,280</u> |

As at 31 December 2022, the ageing analysis of trade debtors and bills receivable (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---------------|------------------------|------------------------|
| Within 1 year | 12,348,427 | 9,174,783 |
| 1 to 2 years | 33,779 | 24,385 |
| 2 to 3 years | 6,754 | 22,115 |
| Over 3 years | <u>507</u> | <u>43,997</u> |
| | <u>12,389,467</u> | <u>9,265,280</u> |

14. Trade creditors and bills payable

As at 31 December 2022, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|---------------|------------------------|------------------------|
| Within 1 year | 14,407,697 | 12,487,154 |
| 1 to 2 years | 1,001,702 | 764,963 |
| Over 2 years | 1,196,809 | 1,541,309 |
| | <u>16,606,208</u> | <u>14,793,426</u> |

15. Dividends

(i) *Dividends payable to equity shareholders of the Company attributable to the year:*

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Final dividend proposed after the end of reporting period of RMB0.20 per share (2021: RMB0.25 per share) | <u>1,973,972</u> | <u>2,467,465</u> |

Pursuant to a resolution passed at the directors' meeting held on 29 March 2023, a final dividend of RMB0.20 per share will be payable to shareholders for 2022, 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:*

| | 2022 <i>RMB'000</i> | 2021 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.25 per share (2021: RMB0.25 per share) | <u>2,467,465</u> | <u>2,465,744</u> |

16. Contingent liabilities

As at 31 December 2022, 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 2022 (2021: 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 audited consolidated financial statements prepared under CAS of the Group as set out in its 2022 annual report.

CONSOLIDATED BALANCE SHEET AND THE COMPANY’S BALANCE SHEET

As at 31 December 2022

(Expressed in Renminbi’000)

| Item | Consolidated | | The Company | |
|--------------------------------------|--------------------|--------------------------------|--------------------|--------------------------------|
| | 31 December 2022 | 31 December 2021 (Restated) | 31 December 2022 | 31 December 2021 (Restated) |
| Non-current assets: | | | | |
| Long-term investments | 231,354 | 254,430 | 287,562 | 318,511 |
| Long-term equity investments | 41,032,540 | 37,370,347 | 82,814,328 | 76,943,935 |
| Other non-current financial assets | 370,055 | 330,195 | 107,072 | 79,971 |
| Investment properties | 71,405 | 61,828 | 21,339 | 22,375 |
| Property, plant and equipment | 125,748,282 | 122,987,061 | 15,860,120 | 15,131,864 |
| Construction in progress | 14,842,864 | 15,859,021 | 1,656,100 | 3,774,025 |
| Right-of-use assets | 637,985 | 1,001,786 | 81,484 | 146,516 |
| Intangible assets | 7,272,153 | 7,216,742 | 835,253 | 904,620 |
| Goodwill | 373,940 | 441,212 | – | – |
| Deferred tax assets | 2,858,796 | 2,328,526 | – | – |
| Other non-current assets | 592,582 | 1,508,660 | 41,896 | 419,477 |
| Total non-current assets | 194,031,956 | 189,359,808 | 101,705,154 | 97,741,294 |
| Current assets: | | | | |
| Cash and cash equivalents | 6,282,439 | 6,090,530 | 1,092,910 | 739,464 |
| Bills receivable | 30,127 | 3,940 | 30,127 | 3,940 |
| Trade debtors | 11,938,187 | 9,049,423 | 1,823,036 | 1,414,828 |
| Bills receivable financing | 748,736 | 755,040 | 145,971 | 25,036 |
| Prepayments | 3,728,564 | 2,066,807 | 439,952 | 265,967 |
| Other receivables | 831,489 | 2,141,817 | 15,858,068 | 13,626,221 |
| Inventories | 3,937,380 | 6,116,153 | 620,911 | 768,778 |
| Non-current assets – current portion | 96,552 | 73,514 | 112,013 | 88,975 |
| Other current assets | 1,636,921 | 3,281,546 | 41,641 | 335,017 |
| Total current assets | 29,230,395 | 29,578,770 | 20,164,629 | 17,268,226 |

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

As at 31 December 2022

(Expressed in Renminbi'000)

| Item | Consolidated | | The Company | |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
| | 31 December 2022 | 31 December 2021 (Restated) | 31 December 2022 | 31 December 2021 (Restated) |
| Current liabilities | | | | |
| Short-term loans | 27,985,143 | 27,644,545 | 7,224,919 | 6,257,815 |
| Bills payable | 3,234,882 | 2,411,667 | – | 200,000 |
| Trade creditors | 13,378,679 | 12,391,502 | 2,582,247 | 2,354,468 |
| Contract liabilities | 2,028,884 | 1,875,588 | 98,863 | 22,069 |
| Salaries payable | 214,982 | 222,627 | 57,190 | 53,414 |
| Tax payable | 1,202,830 | 1,584,729 | 98,220 | 144,610 |
| Other payables | 2,629,162 | 2,837,412 | 743,453 | 724,863 |
| Non-current liabilities – current portion | 12,323,464 | 14,536,274 | 5,374,508 | 9,180,656 |
| Other current liabilities | 93,784 | 2,158,534 | 6,695 | 2,066,248 |
| Total current liabilities | 63,091,810 | 65,662,878 | 16,186,095 | 21,004,143 |
| Net current (liabilities)/assets | (33,861,415) | (36,084,108) | 3,978,534 | (3,735,917) |
| Total assets less current liabilities | 160,170,541 | 153,275,700 | 105,683,688 | 94,005,377 |
| Non-current liabilities | | | | |
| Long-term loans | 59,739,783 | 56,682,110 | 16,787,816 | 13,092,879 |
| Long-term debentures payable | 25,034,172 | 17,511,639 | 25,034,172 | 17,511,639 |
| Lease liabilities | 61,492 | 327,557 | 6,205 | 93,907 |
| Long-term payables | 69,542 | 116,939 | 27,748 | 43,334 |
| Retirement benefit obligations | 9,929 | 15,078 | – | – |
| Provisions | 59,733 | 64,242 | – | – |
| Deferred income | 3,832,051 | 3,855,106 | 58,809 | 79,035 |
| Deferred tax liabilities | 914,589 | 1,058,765 | 62,281 | 62,281 |
| Total non-current liabilities | 89,721,291 | 79,631,436 | 41,977,031 | 30,883,075 |
| Net assets | 70,449,250 | 73,644,264 | 63,706,657 | 63,122,302 |

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

As at 31 December 2022

(Expressed in Renminbi'000)

| Item | Consolidated | | The Company | |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|
| | 31 December 2022 | 31 December 2021 (Restated) | 31 December 2022 | 31 December 2021 (Restated) |
| Shareholders' equity: | | | | |
| Share capital | 9,869,858 | 9,869,858 | 9,869,858 | 9,869,858 |
| Other equity instruments | 23,547,463 | 22,514,599 | 23,547,463 | 22,514,599 |
| Including: Perpetual capital securities | 23,506,213 | 22,473,349 | 23,506,213 | 22,473,349 |
| Capital reserve | 12,948,683 | 13,208,639 | 14,140,001 | 14,580,810 |
| Other comprehensive income | 93,658 | 66,622 | 92,293 | 66,843 |
| Specific reserve | 273,286 | 206,407 | 224,801 | 198,758 |
| Surplus reserve | 4,655,072 | 4,324,157 | 4,689,837 | 4,358,922 |
| Retained earnings | 8,125,937 | 11,725,381 | 11,142,404 | 11,532,512 |
| Total equity attributable to equity holders of the Company | 59,513,957 | 61,915,663 | 63,706,657 | 63,122,302 |
| Non-controlling interests | 10,935,293 | 11,728,601 | - | - |
| Total equity | 70,449,250 | 73,644,264 | 63,706,657 | 63,122,302 |

CONSOLIDATED INCOME STATEMENT AND THE COMPANY'S INCOME STATEMENT

For the year ended 31 December 2022

(Expressed in Renminbi'000)

| Item | Consolidated | | The Company | |
|---|--------------------|--------------------|-------------------|--------------------|
| | 2022 | 2021 (Restated) | 2022 | 2021 (Restated) |
| Total operating income | 107,058,536 | 104,607,537 | 16,690,505 | 13,531,891 |
| Less: Total operating costs | 113,165,508 | 118,196,477 | 17,810,196 | 16,819,436 |
| Including: Operating costs | 106,598,976 | 111,084,117 | 16,094,197 | 15,254,174 |
| Taxes and surcharges | 880,352 | 1,023,935 | 163,139 | 197,898 |
| Administrative expenses | 1,639,362 | 1,806,879 | 361,920 | 484,258 |
| Research and development expenses | - | 2,761 | - | - |
| Finance costs | 4,046,818 | 4,278,785 | 1,190,940 | 883,106 |
| Impairment loss | 1,015,472 | 2,934,446 | 296,647 | 4,983,280 |
| Expected credit loss | 44,900 | 471,077 | 518,219 | 351,677 |
| Add: Investment income | 4,805,310 | 7,259,299 | 5,151,215 | 13,860,551 |
| Net gain/(loss) on fair value changes | 10,322 | (37,228) | - | - |
| Gain on disposal of assets | 82,146 | 259,742 | 34 | 26 |
| Other income | 933,971 | 938,305 | 76,493 | 147,249 |
| Operating (loss)/profit | (1,335,595) | (8,574,345) | 3,293,185 | 5,385,324 |
| Add: Non-operating income | 275,195 | 470,987 | 15,801 | 126,798 |
| Less: Non-operating expenses | 89,403 | 347,826 | (161) | 42,504 |
| Total (loss)/profit | (1,149,803) | (8,451,184) | 3,309,147 | 5,469,618 |
| Less: Income tax (credit)/expenses | (511,692) | (1,671,991) | - | 423,415 |
| Net (loss)/profit | (638,111) | (6,779,193) | 3,309,147 | 5,046,203 |
| (i) Classified according to the continuity of operation | | | | |
| (1) Continuing operating net (loss)/profit | (638,111) | (6,779,193) | 3,309,147 | 5,046,203 |
| (2) Discontinued operating net profit | - | - | - | - |
| (ii) Classified according to the ownership | | | | |
| (1) Minority interests | (737,922) | (1,796,766) | - | - |
| (2) Attributable to equity shareholders of the Company | 99,811 | (4,982,427) | - | - |

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

For the year ended 31 December 2022

(Expressed in Renminbi'000)

| Item | Consolidated | | The Company | |
|--|-------------------------|---------------------------|-------------------------|-------------------------|
| | 2022 | 2021 (Restated) | 2022 | 2021 (Restated) |
| Other comprehensive income, net of tax | 27,381 | 79,803 | 25,450 | 78,667 |
| Other comprehensive income attributable to equity holders of the Company, net of tax | 27,036 | 79,600 | 25,450 | 78,667 |
| Items that will not be subsequently reclassified to profit or loss: | | | | |
| (1) Shares of other comprehensive (expense)/ income that will not be reclassified to profit or loss of investees accounted for under the equity method | (7,710) | 41,209 | (9,296) | 40,276 |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| (1) Shares of other comprehensive income that may be subsequently reclassified to profit or loss of investees accounted for under the equity method | 34,746 | 38,391 | 34,746 | 38,391 |
| Other comprehensive income attributable to minority interests, net of tax | 345 | 203 | - | - |
| Total comprehensive (expense)/income | <u>(610,730)</u> | <u>(6,699,390)</u> | <u>3,334,597</u> | <u>5,124,870</u> |
| Attributable to equity holders of the Company | 126,847 | (4,902,827) | 3,334,597 | 5,124,870 |
| Minority interests | <u>(737,577)</u> | <u>(1,796,563)</u> | <u>-</u> | <u>-</u> |
| Loss per share | | | | |
| Basic loss per share <i>(RMB/Share)</i> | <u>(0.08)</u> | <u>(0.61)</u> | <u>N/A</u> | <u>N/A</u> |
| Diluted loss per share <i>(RMB/Share)</i> | <u>(0.08)</u> | <u>(0.61)</u> | <u>N/A</u> | <u>N/A</u> |

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 holders of the Company are analysed as follows:

| | Notes | Net profit/(loss) attributable to equity holders of the Company | | Net assets attributable to equity holders of the Company | |
|--|-------|---|-------------------------------|--|-------------------------------|
| | | 2022 RMB'000 | 2021 RMB'000 (Restated) | 2022 RMB'000 | 2021 RMB'000 (Restated) |
| Amounts under CAS | | 99,811 | (4,982,427) | 59,513,957 | 61,915,663 |
| Adjustments: | | | | | |
| Business combination involving entities under common control | (i) | (500,950) | (351,083) | 3,540,062 | 3,642,536 |
| Government grants | (ii) | 34,682 | 33,592 | (392,741) | (253,209) |
| Maintenance and production safety funds | (iii) | 79,144 | 90,604 | - | - |
| Separation and transfer of equipment | (iv) | - | 19,586 | - | - |
| Dilution gain on investment in an associate | (v) | - | 1,793,703 | - | - |
| Taxation impact of the adjustments | | 103,129 | 55,051 | (567,662) | (686,877) |
| Attributable to minority interest | | 153,393 | 85,011 | (663,064) | (823,677) |
| Amounts under IFRSs | | <u>(30,791)</u> | <u>(3,255,963)</u> | <u>61,430,552</u> | <u>63,794,436</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 acquiree 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 recognised 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 acquiree 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 amortised 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 recognised as deferred income.

- (iii) Pursuant to the relevant PRC regulations for power generation and coal mining companies, the funds for production maintenance and production safety are accrued by the Group at fixed rates based on previous year's operating income or coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, power generation and 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.

- (iv) Pursuant to the relevant PRC regulations for the separation and transfer of "Water/Electricity/Heat Supply and Property Management", the Group required to transfer certain equipment to relevant parties without any consideration, which the loss will directly recognise to equity.

According to IFRSs, the loss from the separation and transfer of equipment should be first recorded in profit or loss as incurred, then to equity as reduced the retained profits for the Group.

- (v) Under CAS, gains or losses arising from dilution of investments in associates and joint ventures should be recorded in equity while adjusting the carrying amount of the long-term investment. Under IFRSs, gains or losses of which should be recorded in profit or loss, while adjusting the carrying amount of the long-term investment.