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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Announcement of Interim Results 2023

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the six months ended 30 June 2023. These financial statements prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and Ernst & Young, the Company’s auditor.

Financial Highlights

	Six months ended 30 June		
	2023	2022	Change
	RMB'000	RMB'000	%
Revenue	21,317,030	20,305,157	4.98
Profit for the period	2,549,571	1,430,427	78.24
Profit attributable to equity holders of the Group	1,849,653	849,881	117.64
Profit attributable to ordinary shareholders of the Company	1,679,854	783,676	114.36
	RMB	RMB	%
Basic earnings per share	0.14	0.07	100.00
	MWh	MWh	%
Gross power generation	50,442,852	55,192,432	-8.61
Total electricity sold	48,259,373	53,045,286	-9.02

- The profit attributable to equity holders of the Group increased significantly by 117.64% as compared to the corresponding period last year, which was mainly due to the accelerated pace of the Company’s clean energy transformation through self-development and acquisition of quality clean energy assets, coupled with the synergetic increase in production capacity, production output and revenue from wind power and photovoltaic power generation, largely offsetting the impact of the decline in profit from the hydropower segment due to insufficient rainfall in the first half of the year.
- The revenue and profit from wind power segment increased by 63.31% and 69.70%, respectively as compared to the corresponding period last year, while the revenue and profit from photovoltaic power segment increased by 25.56% and 21.69%, respectively as compared to the corresponding last year.
- The profit from energy storage segment increased by 49.16%, while the thermal power segment recorded a turnaround from loss to profit as compared to the corresponding period last year during the period under review.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	<i>Notes</i>	Unaudited	
		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Revenue	3	21,317,030	20,305,157
Other income	4	563,467	275,032
Fuel costs		(8,473,766)	(10,244,732)
Depreciation		(4,129,483)	(3,672,126)
Staff costs		(1,487,955)	(1,318,046)
Repairs and maintenance		(356,099)	(328,904)
Subcontracting costs		(312,837)	(58,313)
Cost of sales of energy storage equipment		(1,232,510)	-
Consumables		(244,261)	(184,311)
Other gains and losses, net	5	188,801	293,817
Other operating expenses	6	(1,353,971)	(1,050,924)
		<hr/>	<hr/>
Operating profit	7	4,478,416	4,016,650
Finance income	8	175,497	90,833
Finance costs	8	(1,986,918)	(2,137,952)
Share of results of associates		250,773	(71,178)
Share of results of joint ventures		61,891	(7,689)
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Profit before taxation		2,979,659	1,890,664
Income tax expense	9	(430,088)	(460,237)
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Profit for the period		2,549,571	1,430,427
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Ordinary shareholders of the Company		1,679,854	783,676
Other equity instruments' holders		169,799	66,205
Non-controlling interests		699,918	580,546
		<hr/>	<hr/>
		2,549,571	1,430,427
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
- Basic	10	0.14	0.07
- Diluted	10	0.14	0.07
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Profit for the period	2,549,571	1,430,427
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	189,291	(680,493)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	-	(276)
Fair value gain/(loss) on debt instruments at FVTOCI, net of tax	1,143	(1,119)
Other comprehensive income/(loss) for the period, net of tax	190,434	(681,888)
Total comprehensive income for the period	2,740,005	748,539
Attributable to:		
Ordinary shareholders of the Company	1,873,052	108,235
Other equity instruments’ holders	169,799	66,205
Non-controlling interests	697,154	574,099
Total comprehensive income for the period	2,740,005	748,539

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at	
	<i>Notes</i>	30 June 2023	31 December 2022
		Unaudited <i>RMB'000</i>	Audited <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		147,082,747	142,306,292
Right-of-use assets		6,931,348	6,893,878
Prepayments for construction of power plants		4,636,541	4,951,116
Goodwill		832,388	832,388
Other intangible assets		8,047,846	8,286,390
Interests in associates		6,095,870	5,455,182
Interests in joint ventures		1,307,635	1,201,014
Equity instruments at FVTOCI		4,384,055	4,131,667
Deferred income tax assets		405,261	288,300
Restricted deposits		18,711	18,711
Other non-current assets		5,817,539	6,154,281
		185,559,941	180,519,219
Current assets			
Inventories		1,329,924	1,091,344
Accounts receivable	12	15,879,275	12,634,771
Prepayments, deposits and other receivables		7,047,781	6,594,392
Amounts due from related parties		4,206,593	6,098,185
Tax recoverable		42,154	70,738
Debt instruments at FVTOCI		51,576	108,972
Restricted deposits		32,520	59,244
Cash and cash equivalents		8,122,121	4,228,099
		36,711,944	30,885,745
Total assets		222,271,885	211,404,964

		As at	
	<i>Notes</i>	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital		24,508,986	24,508,986
Reserves		14,353,852	13,820,378
		<u>38,862,838</u>	<u>38,329,364</u>
Other equity instruments		11,689,296	8,639,281
Non-controlling interests		23,945,714	21,621,460
		<u>74,497,848</u>	<u>68,590,105</u>
LIABILITIES			
Non-current liabilities			
Deferred income		38,555	35,625
Bank borrowings		68,034,985	62,212,186
Borrowings from related parties	13	11,013,939	10,415,324
Other borrowings	14	14,158,987	16,811,531
Lease liabilities		2,993,281	3,189,645
Deferred income tax liabilities		2,361,039	2,275,328
Provisions for other long-term liabilities	15	1,863,503	1,866,003
Other non-current liabilities		64,920	84,183
		<u>100,529,209</u>	<u>96,889,825</u>

		As at	
	<i>Notes</i>	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Current liabilities			
Accounts and bills payables	16	3,609,335	2,566,171
Construction costs payable		11,302,393	11,990,216
Other payables and accrued charges		4,406,351	3,607,678
Amounts due to related parties		1,824,294	3,412,795
Bank borrowings		18,135,692	16,726,791
Borrowings from related parties	13	4,951,874	4,718,980
Other borrowings	14	2,145,400	2,015,000
Lease liabilities		425,180	517,007
Tax payable		444,309	370,396
		<u>47,244,828</u>	<u>45,925,034</u>
Total liabilities		<u>147,774,037</u>	<u>142,814,859</u>
Total equity and liabilities		<u>222,271,885</u>	<u>211,404,964</u>
Net current liabilities		<u>10,532,884</u>	<u>15,039,289</u>
Total assets less current liabilities		<u>175,027,057</u>	<u>165,479,930</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Net cash generated from operating activities	3,248,977	6,625,423
Cash flows from investing activities		
Payments for property, plant and equipment, and right-of-use assets and prepayments for construction of power plants	(9,021,161)	(8,486,897)
Proceeds from disposal of property, plant and equipment	-	75
Net cash outflow on acquisitions of subsidiaries	-	(29,083)
Payments of consideration payable for acquisition of subsidiaries in prior year	(750,975)	-
Investments in associates and a joint venture	(279,607)	(44,840)
Capital injections to associates	(183,068)	-
Purchase of equity instruments at FVTOCI	-	(2,000)
Capital injection to an equity instrument at FVTOCI	-	(15,000)
Repayment from related parties	2,502,433	-
Dividend received	32,295	371
Interest received	146,460	55,836
Decrease in restricted deposits	26,724	2,391
Net cash used in investing activities	(7,526,899)	(8,519,147)

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cash flows from financing activities		
Drawdown of bank borrowings	27,277,816	30,434,259
Drawdown of borrowings from related parties	4,806,199	6,860,786
Drawdown of other borrowings	588,564	6,174,123
Capital injections from non-controlling shareholders of subsidiaries	2,090,025	346,101
Proceeds from disposal of equity interests in subsidiaries without loss of control	-	83,925
Issuance of perpetual debts	2,967,300	-
Repayment of bank borrowings	(20,035,597)	(26,945,435)
Repayment of borrowings from related parties	(3,991,929)	(5,597,746)
Repayment of other borrowings	(3,110,708)	(1,520,000)
Payments for lease liabilities	(711,755)	(342,173)
Dividend paid	(1,384,828)	(556,576)
Dividends paid to non-controlling interests	(312,005)	(233,315)
	<u>8,183,082</u>	<u>8,703,949</u>
Net cash generated from financing activities		
	<u>8,183,082</u>	<u>8,703,949</u>
Net increase in cash and cash equivalents	3,905,160	6,810,225
Cash and cash equivalents at 1 January	4,228,099	1,766,632
Exchange (loss)/gain, net	(11,138)	2,605
	<u>8,122,121</u>	<u>8,579,462</u>
Cash and cash equivalents at 30 June		
	<u>8,122,121</u>	<u>8,579,462</u>

Notes to the Interim Condensed Consolidated Financial Statements

1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2022 as well as with the applicable disclosure requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

2 Accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

3 Revenue and segment information

Revenue recognized during the period is as follows:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Types of goods or services:		
Sales of electricity to regional and provincial power grid companies (note (a))	19,648,035	20,154,790
Provision of power generation (note (b))	42,625	57,852
Energy storage revenue (note (c))	1,626,370	92,515
	21,317,030	20,305,157
Timing of revenue recognition:		
Goods - at a point in time	20,988,703	20,236,079
Services - over time	328,327	69,078
	21,317,030	20,305,157

Notes:

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

Segment information

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

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

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

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

Unaudited
Six months ended 30 June 2023

	Thermal power electricity <i>RMB'000</i>	Hydropower electricity <i>RMB'000</i>	Wind power electricity <i>RMB'000</i>	Photovoltaic power electricity <i>RMB'000</i>	Energy storage <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue							
Sales of electricity	11,707,393	1,482,497	3,976,089	2,482,056	-	-	19,648,035
Provision of power generation	3,673	-	2,697	36,255	-	-	42,625
Energy storage revenue	-	-	-	-	1,626,370	-	1,626,370
	<u>11,711,066</u>	<u>1,482,497</u>	<u>3,978,786</u>	<u>2,518,311</u>	<u>1,626,370</u>	<u>-</u>	<u>21,317,030</u>
Segment results	1,052,737	211,251	2,119,938	1,305,483	43,353	-	4,732,762
Unallocated income	-	-	-	-	-	190,099	190,099
Unallocated expenses	-	-	-	-	-	(444,445)	(444,445)
Operating profit/(loss)	1,052,737	211,251	2,119,938	1,305,483	43,353	(254,346)	4,478,416
Finance income	8,026	4,799	30,648	32,896	507	98,621	175,497
Finance costs	(407,074)	(412,625)	(648,828)	(483,716)	(7,194)	(27,481)	(1,986,918)
Share of results of associates	136,979	2,134	22,781	20,015	-	68,864	250,773
Share of results of joint ventures	(18,673)	-	67,022	2,475	-	11,067	61,891
Profit/(loss) before taxation	771,995	(194,441)	1,591,561	877,153	36,666	(103,275)	2,979,659
Income tax (expense)/credit	(210,277)	47,578	(138,201)	(102,100)	(1,581)	(25,507)	(430,088)
Profit/(loss) for the period	<u>561,718</u>	<u>(146,863)</u>	<u>1,453,360</u>	<u>775,053</u>	<u>35,085</u>	<u>(128,782)</u>	<u>2,549,571</u>
Other segment information							
Capital expenditure							
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	290,305	230,959	3,172,473	4,133,843	576,215	228,302	8,632,097
Depreciation of property, plant and equipment	887,723	787,380	1,378,528	841,273	264	22,627	3,917,795
Depreciation of right-of-use assets	53,714	26,160	11,313	92,809	1,150	26,542	211,688
Amortization of other intangible assets	101,108	-	94,559	42,877	-	-	238,544
Loss on disposal of property, plant and equipment, net	-	301	393	-	-	-	694
Reversal of impairment of other receivables	-	-	-	-	-	(780)	(780)

	Unaudited						
	As at 30 June 2023						
	Thermal power electricity <i>RMB'000</i>	Hydropower electricity <i>RMB'000</i>	Wind power electricity <i>RMB'000</i>	Photovoltaic power electricity <i>RMB'000</i>	Energy storage <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets							
Other segment assets	41,902,924	39,405,145	62,901,682	52,229,134	3,383,318	-	199,822,203
Goodwill	-	585,751	-	246,637	-	-	832,388
Interests in associates	2,583,513	26,064	1,002,605	297,758	-	2,185,930	6,095,870
Interests in joint ventures	110,364	-	711,689	92,128	-	393,454	1,307,635
	<u>44,596,801</u>	<u>40,016,960</u>	<u>64,615,976</u>	<u>52,865,657</u>	<u>3,383,318</u>	<u>2,579,384</u>	<u>208,058,096</u>
Equity instruments at FVTOCI							4,384,055
Deferred income tax assets							405,261
Other unallocated assets							<u>9,424,473</u>
Total assets per interim condensed consolidated statement of financial position							<u><u>222,271,885</u></u>
Segment liabilities							
Other segment liabilities	(4,878,806)	(4,035,482)	(5,825,581)	(6,640,333)	(2,421,064)	-	(23,801,266)
Borrowings	<u>(22,659,725)</u>	<u>(25,656,535)</u>	<u>(37,044,726)</u>	<u>(30,875,930)</u>	<u>(823,024)</u>	<u>(1,380,937)</u>	<u>(118,440,877)</u>
	<u>(27,538,531)</u>	<u>(29,692,017)</u>	<u>(42,870,307)</u>	<u>(37,516,263)</u>	<u>(3,244,088)</u>	<u>(1,380,937)</u>	<u>(142,242,143)</u>
Deferred income tax liabilities							(2,361,039)
Tax payable							(444,309)
Other unallocated liabilities							<u>(2,726,546)</u>
Total liabilities per interim condensed consolidated statement of financial position							<u><u>(147,774,037)</u></u>

	Unaudited						
	Six months ended 30 June 2022						
	Thermal power electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Energy storage	Unallocated	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Segment revenue							
Sales of electricity	12,381,472	3,367,340	2,435,454	1,970,524	-	-	20,154,790
Provision of power generation	21,822	-	845	35,185	-	-	57,852
Energy storage revenue	-	-	-	-	92,515	-	92,515
	<u>12,403,294</u>	<u>3,367,340</u>	<u>2,436,299</u>	<u>2,005,709</u>	<u>92,515</u>	<u>-</u>	<u>20,305,157</u>
Segment results	(273,316)	1,986,645	1,332,030	1,110,100	21,036	-	4,176,495
Unallocated income	-	-	-	-	-	112,457	112,457
Unallocated expenses	-	-	-	-	-	(272,302)	(272,302)
Operating (loss)/profit	(273,316)	1,986,645	1,332,030	1,110,100	21,036	(159,845)	4,016,650
Finance income	2,272	2,370	10,590	31,536	305	43,760	90,833
Finance costs	(521,090)	(504,599)	(538,314)	(463,808)	(241)	(109,900)	(2,137,952)
Share of results of associates	(134,544)	7,279	19,331	26,664	-	10,092	(71,178)
Share of results of joint ventures	(67,497)	-	59,808	-	-	-	(7,689)
(Loss)/profit before taxation	(994,175)	1,491,695	883,445	704,492	21,100	(215,893)	1,890,664
Income tax (expense)/credit	(101,799)	(258,483)	(27,002)	(67,573)	2,422	(7,802)	(460,237)
(Loss)/profit for the period	<u>(1,095,974)</u>	<u>1,233,212</u>	<u>856,443</u>	<u>636,919</u>	<u>23,522</u>	<u>(223,695)</u>	<u>1,430,427</u>
Other segment information							
Capital expenditure							
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	1,653,404	276,600	2,895,212	3,047,886	54,691	227,240	8,155,033
Depreciation of property, plant and equipment	1,170,445	787,892	860,995	641,972	59	27,849	3,489,212
Depreciation of right-of-use assets	55,504	27,142	11,238	62,875	1,106	25,049	182,914
Amortization of other intangible assets	-	-	-	27,439	-	-	27,439
Gain on disposal of property, plant and equipment, net	-	-	(67)	-	-	-	(67)
(Reversal)/provision of impairment of an amount due from a joint venture and other receivables	-	(30,960)	(3,751)	111	-	-	(34,600)

Audited
As at 31 December 2022

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

4 Other income

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Rental income	16,247	8,872
Income from provision of repairs and maintenance services	64,676	28,536
Dividend income	21,827	-
Income from provision of IT and other services	288,451	237,624
Waste treatment income	160,789	-
Others	11,477	-
	<u>563,467</u>	<u>275,032</u>

5 Other gains and losses, net

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortization of deferred income	1,679	1,149
Government subsidies	58,303	100,117
(Loss)/gain on disposal of property, plant and equipment, net	(694)	67
Sales of unused power production quota	-	46,556
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	72,387	115,669
Others	57,126	30,259
	<u>188,801</u>	<u>293,817</u>

6 Other operating expenses

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortization of other intangible assets	238,544	27,439
Research and development expenses	18,794	14,190
Lease expenses	32,817	25,285
Reversal of impairment of an amount due from a joint venture and other receivables	(780)	(34,600)
Reservoir maintenance and usage fees	40,366	38,456
Administrative and selling related expenses	208,079	216,140
Taxes other than income tax and surcharges	154,509	165,438
Power and heat generation costs	385,023	379,107
Others	276,619	219,469
	<u>1,353,971</u>	<u>1,050,924</u>

7 Operating profit

Operating profit is stated after charging the following:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Amortization of other intangible assets	238,544	27,439
Depreciation:		
- property, plant and equipment	3,917,795	3,489,212
- right-of-use assets	211,688	182,914
Lease expenses:		
- equipment	12,194	7,231
- leasehold land and buildings	20,623	18,054
Key management personnel compensation	8,819	6,074

8 Finance income and finance costs

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Finance income		
Interest income from bank deposits	29,420	30,387
Interest income from related parties	97,101	37,447
Interest income from discounting effect on clean energy power price premium receivable (Note 12(b))	48,976	22,999
	<u>175,497</u>	<u>90,833</u>
Finance costs		
Interest expense on		
- bank borrowings	1,383,546	1,706,422
- borrowings from related parties	312,850	269,049
- other borrowings	206,118	152,630
- amounts due to related parties	1,338	1,567
- lease liabilities	73,159	66,602
- provisions for other long-term liabilities (Note 15)	52,026	52,044
	<u>2,029,037</u>	<u>2,248,314</u>
Less: amounts capitalized to property, plant and equipment	<u>(84,086)</u>	<u>(87,191)</u>
	1,944,951	2,161,123
Exchange loss/(gain), net	<u>41,967</u>	<u>(23,171)</u>
	<u>1,986,918</u>	<u>2,137,952</u>

The weighted average interest rate on capitalized borrowings is approximately 3.75% (2022: 3.93%) per annum.

9 Income tax expense

No provision for Hong Kong profits tax has been provided as the Group did not have any estimated assessable profits arising in Hong Kong for the six months ended 30 June 2023 (2022: Nil).

The provision for PRC enterprise income tax is calculated based on the statutory tax rate of 25% (2022: 25%) on the estimated assessable profits for the six months ended 30 June 2023 except that certain subsidiaries were either exempted from PRC enterprise income tax or entitled to the preferential tax rates of 7.5%, 12.5%, 15% or 20% (2022: 7.5%, 12.5%, 15% or 20%).

The amount of income tax recognized represents:

	Unaudited	
	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
PRC enterprise income tax		
Charge for the period	517,652	475,917
Under provision in prior years	7,164	3,058
	524,816	478,975
Deferred income tax		
Credit for the period	(94,728)	(18,738)
	430,088	460,237

Share of income tax charge attributable to associates and joint ventures for the six months ended 30 June 2023 of RMB34,893,000 (2022: credit of RMB17,573,000) and RMB7,275,000 (2022: credit of RMB10,813,000) were included in the Group's share of results of associates and joint ventures respectively for the current period.

10 Earnings per share

(a) Basic

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

	Unaudited	
	Six months ended 30 June	
	2023	2022
Profit for the period attributable to ordinary shareholders of the Company (RMB'000)	1,679,854	783,676
Weighted average number of shares in issue (shares in thousands)	12,370,151	10,833,386
Basic earnings per share (RMB)	0.14	0.07

(b) Diluted

For the six months ended 30 June 2023, the computation of diluted earnings per share did not assume the exercise of the Company's share options as the exercise price of these options was higher than the average market share price of the Company's shares during the period, therefore, the dilutive earnings per share was same as basic earnings per share.

For the six months ended 30 June 2022, the dilutive earnings per share was same as basic earnings per share as there was no dilutive potential ordinary shares outstanding during that period.

11 Dividend

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2023 (2022: Nil).

12 Accounts receivable

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Accounts receivable from regional and provincial power grid companies (notes (a) and (b))	17,240,754	14,228,449
Accounts receivable from other companies (note (a))	1,003,236	697,615
	<u>18,243,990</u>	<u>14,926,064</u>
Notes receivable (note (c))	25,344	110,870
	<u>18,269,334</u>	<u>15,036,934</u>
Analyzed for reporting purpose as:		
- Non-current (included in other non-current assets) (notes (a) and (b))	2,390,059	2,402,163
- Current	15,879,275	12,634,771
	<u>18,269,334</u>	<u>15,036,934</u>

Notes:

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

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Unbilled	2,390,059	2,402,163
1 to 3 months	15,853,931	12,523,901
	<u>18,243,990</u>	<u>14,926,064</u>

To measure the expected credit loss of accounts receivable, accounts receivable and notes receivable have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 30 June 2023 and 31 December 2022 was insignificant.

- (b) As at 30 June 2023, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB2,390,059,000 (31 December 2022: RMB2,402,163,000), which was unbilled and was stated after discounting.

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

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

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

Based on the above New Guidelines and their past experience, the Directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogues or the Subsidy List. It was expected that the Group's projects of wind, photovoltaic and waste-to-energy's power generation would be listed as qualified projects for tariff premium after 30 June 2024 (31 December 2022: after 31 December 2023) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the electricity sales contract for renewable energy projects before entering into the Subsidy Catalogues or the Subsidy List contains a significant financing component. During the six months ended 30 June 2023, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 3.71% (2022: 4.01%) per annum. During the current period, the Group's revenue was adjusted by RMB43,076,000 (2022: RMB53,906,000) and interest income amounting to RMB48,976,000 (2022: RMB22,999,000) (Note 8) was recognized.

- (c) As at 30 June 2023, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period within 360 days (31 December 2022: 360 days).
- (d) As at 30 June 2023, certain of the bank borrowings, other borrowings (Note 14(b)), and lease liabilities were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 30 June 2023 amounted to RMB4,828,394,000 (31 December 2022: RMB3,467,887,000).

13 Borrowings from related parties

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Non-current		
Long-term borrowings from State Power Investment Corporation Limited* (“SPIC”) (note (b))	9,866,472	9,646,099
Long-term borrowings from SPIC Financial Company Limited* (“SPIC Financial”) (note (c))	970,000	863,000
Long-term borrowings from other related parties (note (d))	851,705	790,463
	<u>11,688,177</u>	<u>11,299,562</u>
Less: Current portion of long-term borrowings from SPIC	(294,238)	(504,238)
Less: Current portion of long-term borrowings from SPIC Financial	(180,000)	(180,000)
Less: Current portion of long-term borrowings from other related party	(200,000)	(200,000)
	<u>11,013,939</u>	<u>10,415,324</u>
Current		
Short-term borrowings from SPIC (note (e))	1,285,000	1,500,000
Short-term borrowings from SPIC Financial (note (f))	2,186,636	1,150,000
Short-term borrowings from other related parties (note (g))	806,000	1,184,742
Current portion of long-term borrowings from SPIC (note (b))	294,238	504,238
Current portion of long-term borrowings from SPIC Financial (note (c))	180,000	180,000
Current portion of long-term borrowings from other related party (note (d))	200,000	200,000
	<u>4,951,874</u>	<u>4,718,980</u>
	<u>15,965,813</u>	<u>15,134,304</u>

Notes:

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

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Renminbi	15,488,910	14,674,640
United States Dollars	476,903	459,664
	<u>15,965,813</u>	<u>15,134,304</u>

- (b) The long-term borrowings from SPIC were unsecured, interest bearing from 3.29% to 5.50% (31 December 2022: 3.35% to 5.50%) per annum and wholly repayable within five years.
- (c) The long-term borrowings from SPIC Financial were unsecured and interest bearing from 3.73% to 4.27% (31 December 2022: 3.29% to 4.27%) per annum.
- (d) The long-term borrowings from other related parties as at 30 June 2023 were unsecured and interest bearing from 4.60% to 6.23% (31 December 2022: 3.79% to 4.55%) per annum and wholly repayable within three years.
- (e) The short-term borrowings from SPIC as at 30 June 2023 were unsecured, interest bearing from 1.59% to 2.00% (31 December 2022: 3.45% to 3.85%) per annum and repayable within one year.
- (f) The short-term borrowings from SPIC Financial as at 30 June 2023 were unsecured, interest bearing from 2.80% to 3.50% (31 December 2022: 3.45% to 4.27%) per annum and repayable within one year.
- (g) The short-term borrowings from other related parties as at 30 June 2023 were unsecured, interest bearing from 2.20% to 3.75% (31 December 2022: 2.85% to 4.35%) per annum and repayable within one year.

14 Other borrowings

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Non-current		
Medium-term notes issued by the Company (note (a))	13,000,000	13,000,000
Long-term other borrowings from third parties (note (b))	3,158,987	3,811,531
	<u>16,158,987</u>	<u>16,811,531</u>
Less: Current portion of medium-term notes issued by the Company	<u>(2,000,000)</u>	<u>-</u>
	<u>14,158,987</u>	<u>16,811,531</u>
Current		
Super & short-term commercial paper issued by the Company (note (c))	-	2,000,000
Short-term other borrowings from third parties	145,400	15,000
Current portion of medium-term notes issued by the Company (note (a))	2,000,000	-
	<u>2,145,400</u>	<u>2,015,000</u>
	<u>16,304,387</u>	<u>18,826,531</u>

Notes:

- (a) The balance includes: (i) four unsecured RMB denominated medium-term notes issued by the Company in June, July and September 2022 respectively, each of RMB2,000,000,000 for a term of three years, which were interest bearing at 3.00%, 2.99%, 2.87% and 2.71% per annum respectively; (ii) two unsecured RMB denominated medium-term notes issued by the Company in April and October 2021 respectively, each of RMB2,000,000,000 for a term of three years, which were interest bearing at 3.54% and 3.47% per annum respectively; and (iii) an unsecured RMB denominated green note of RMB1,000,000,000 issued by the Company in October 2021 for a term of three years, which was interest bearing at 3.39% per annum.

As at 30 June 2023, the medium-term note issued in April 2021 was classified and presented as current.

- (b) As at 30 June 2023, the balance was secured, interest bearing from 3.88% to 5.10% (31 December 2022: 4.25% to 4.85%) per annum.
- (c) As at 30 June 2023, the two unsecured RMB denominated super & short-term commercial papers of RMB1,000,000,000 each issued by the Company in June and July 2022 have been repaid during the current period.

15 Provisions for other long-term liabilities

Provisions for other long-term liabilities represent the provisions for inundation compensations caused by the construction of certain hydropower plants of the Group.

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

Analysis of the provisions for inundation compensations as at 30 June 2023 is as follows:

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Non-current liabilities	1,863,503	1,866,003
Current liabilities (included in other payables and accrued charges)	107,677	105,990
	<u>1,971,180</u>	<u>1,971,993</u>

The movements of the provisions for inundation compensations for the six months ended 30 June 2023 and 2022 are as follows:

	Unaudited Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
At 1 January	1,971,993	1,972,664
Interest expense (Note 8)	52,026	52,044
Payment	(52,839)	(52,226)
At 30 June	<u>1,971,180</u>	<u>1,972,482</u>

16 Accounts and bills payables

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
Accounts payable (note (a))	3,390,594	2,490,043
Bills payable (note (b))	218,741	76,128
	<u>3,609,335</u>	<u>2,566,171</u>

Notes:

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

	As at	
	30 June 2023 Unaudited RMB'000	31 December 2022 Audited RMB'000
1 to 6 months	2,570,504	2,267,580
7 to 12 months	785,324	187,697
Over 1 year	34,766	34,766
	<u>3,390,594</u>	<u>2,490,043</u>

- (b) As at 30 June 2023, bills payable were bills of exchange with a maturity period ranged from 3 to 12 months (31 December 2022: ranged from 3 to 12 months).

17 Event after the reporting period

On 26 July 2023, the Company and SPIC entered into an agreement pursuant to which the Company conditionally agreed to acquire, and SPIC conditionally agreed to sell, equity interests of four companies principally engaged in clean energy power generation, at a consideration of RMB8,811,044,100, which will be settled by cash. On the same day, the Company, SPIC Guangdong Electric Power Co., Ltd.* (“**SPIC Guangdong**”) and China Power Complete Equipment Co., Ltd.* (“**CPCEC**”), both of which are subsidiaries of SPIC, entered into an agreement pursuant to which the Company conditionally agreed to acquire, and SPIC Guangdong and CPCEC conditionally agreed to sell, equity interests of Jieyang Qianzhan Wind Power Co., Ltd.* (“**Jieyang Company**”) at a consideration of RMB1,974,016,700, which will be settled by cash.

BUSINESS REVIEW

In the first half of 2023, the Chinese economy reopened steadily as the impact of the pandemic gradually subsided. China maintained a safe and stable operation of the power system with a balance between power supply and demand at large, effectively safeguarding the power supply for socio-economic development and household consumption. The power industry achieved remarkable results in its green and low-carbon transformation with optimization and adjustment of the power source structure at an accelerated pace.

In the first half of 2023, the national total electricity consumption in China rose by 5.0% year-on-year and the national power generation recorded a year-on-year increase of 3.8%. Among which, wind power, solar power and thermal power grew by 16.0%, 7.4% and 7.5% respectively, whereas hydropower power decreased by 22.9%.

Given the strenuous efforts in developing clean energy and emerging industries, the proportion of installed capacity of clean energy of the Group increased gradually, and the profit contribution from clean energy projects also continued to rise. The aggregate electricity sales and profit for the period of wind power and photovoltaic power went up by around 50% year-on-year. The energy storage business also expanded continuously, and the revenue of energy storage recorded a drastic increase year-on-year.

For the six months ended 30 June 2023, the profit attributable to equity holders of the Group amounted to RMB1,849,653,000 (2022: RMB849,881,000). Profit attributable to ordinary shareholders of the Company amounted to RMB1,679,854,000 (2022: RMB783,676,000). Basic earnings per share was approximately RMB0.14 (2022: RMB0.07). As at 30 June 2023, net assets per share (excluding non-controlling interests and other equity instruments) was approximately RMB3.14.

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

Installed Capacity

As at 30 June 2023, the consolidated installed capacity of the Group's power plants was 32,941.2MW, representing a year-on-year increase of 801.2MW. Among them, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power, natural gas power and environmental power was 21,861.2MW in total, accounting for approximately 66.36% of the consolidated installed capacity of the Group, and representing an increase of around 15.6 percentage points as compared with the corresponding period last year.

Status of Key Projects

The year 2023 is a year for the Group to forge ahead with its strategic transformation and achieve the new goals in phase II of the national "14th Five-Year" Plan. The development status of the Group's key projects were as follows:

Offshore Photovoltaic Projects

The Group actively carried out the technological research on offshore photovoltaic power generation, and has now completed the construction of the Haiyang HG34 Offshore Photovoltaic Power Generation Demonstration Project in the sea area of Haiyang, Yantai City, Shandong Province, which is one of the first national fixed offshore photovoltaic power generation projects with near-shore pile foundation, and the world's largest project of this kind. With a planned installed capacity of 2,700MW, the project has already passed technical verifications in various aspects, including resistance for corrosion, sea wave, typhoon, ocean current, drift ice and others.

Fishery and Photovoltaic Complementary Photovoltaic Power Generation Project

Located in Hou Town, Shouguang City, Weifang, Shandong Province, the Fishery and Photovoltaic Complementary Photovoltaic Power Generation Project with an installed capacity of 100MW is the first project to achieve full capacity power grid connection in the 10 million kW-level Integrated Wind-Photovoltaic-and-Energy Storage Base in the saline-alkali tidal flat land in Lubei, Shandong, and has been put into commercial operation during the period under review. Looking forward, taking this project as the starting point, the Group will promote the development and construction in Lubei region in full swing and continue to develop an array of “photovoltaic+” projects, such as “salt production and photovoltaic complementary project” and “fishery and photovoltaic complementary project”, according to the local conditions of Shandong Province, thereby realizing base-oriented, large-scale and digitalized development of projects.

Integrated Photovoltaic Sand Control and Husbandry Promotion Demonstration Project

Located in Dalad Banner, Inner Mongolia Autonomous Region, China, the Integrated Sand Control, Husbandry Promotion and Photovoltaic Power Generation Demonstration Project with an installed capacity of 100MW is a city-level key demonstration project in Ordos, and has been put into commercial operation during the period under review. The project has significant environmental, economic and social benefits, and effectively integrates economic development with environmental protection. In order to ensure the effect of desertification control and husbandry promotion, the project team will plant suitable psammophytes to realize the integrated development of photovoltaic power, husbandry industry, agricultural industry and tourism in the region.

Integrated Intelligent Wind-and-Energy Storage Wind Power Project

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

Overseas Intelligent Energy Project

In addition to the Company's investment and construction of the first wind power project in Bangladesh, Wu Ling Power officially commenced the construction of its first integrated intelligent energy project in Bangladesh – the 55MW Rooftop Photovoltaic and 5MW Energy Storage Integrated Intelligent Energy Project. Making full use of the abundant sunlight resources in Bangladesh, the project realizes the integrated energy supply model of photovoltaic power, charging and energy storage by setting up rooftop photovoltaic power system with a certain proportion of energy storage facilities at factories and providing new energy vehicles and charging piles. Upon completion, the project not only will be able to solve the problem of frequent power outages encountered by the local industrial and commercial industries, but will also act as a model for realization of zero-carbon emission by factories in the industrial park in Bangladesh.

Photovoltaic Grid Parity Project

In the first half of 2023, the Xinrong Phase II 600MW Grid Parity Photovoltaic Power Generation Project of Datong CP Photovoltaic Company Limited* (大同中電光伏有限公司), a subsidiary of the Company, achieved full capacity power grid connection, marking a new milestone of the Group in establishing its advantages in terms of industry cluster of green energy and bringing the Group's accumulated installed capacity in Datong City, Shanxi Province to 1,300MW. Adopting a forestry-and-photovoltaic complementary mode, the project made use of idle land in the low-lying mining areas in Datong City for the construction of the photovoltaic power base, which not only enhanced the peak shaving and frequency modulation ability and helped raising the consumption level of green power, but also promoted the transformation and rejuvenation of Datong City, also known as the “city of coal” in the old days, through the energy revolution in Shanxi Province with green industries as the driving force.

The above projects contributed to the sustainable development of the Group and China, and are expected to provide a total of more than 6,000,000MWh of clean electricity per year, which is equivalent to saving approximately 2,000,000 tonnes of standard coal and reducing approximately 5,500,000 tonnes of carbon dioxide emissions, thereby further improving the air quality in the locality.

Innovation of Energy Technology

In order to strengthen and enhance our first-mover advantages in the emerging industries, the Group accelerated the integrated development of energy with innovative technologies and stepped up its investment in technological research and development with a view to promoting our development in the emerging energy industries. With the successful implementation of various transformation and innovation plans, we have effectively enhanced our level of digitalization and intelligence. While placing strong emphasis on the innovation of key techniques as well as introduction and nurturing of key personnel, we have also accelerated the incubation of new business forms and new business models, thereby initiating a new phase of innovation-driven development.

Energy Storage

During the period under review, Xinyuan Smart Storage launched the self-developed intelligent operation and maintenance platform for general centralized control of energy storage, which is the first 100MW-level energy storage and power station on the power grid side to be connected to the cloud platform through internet in China, as well as the first intelligent switching cluster-level management solution in the industry, marking a new breakthrough in the research and development of the core technologies of energy storage.

Colored Photovoltaic

Xinyuan Jinwu commenced the construction of the first production line with comprehensive utilization of full color photovoltaic functional materials and obsolete photovoltaic modules in Tongzhou District, Beijing at the end of March 2023, which is currently under commissioning and trial run. Meanwhile, it has also achieved new progress in the technological innovation of full color photovoltaic. The first full color auto-powered photovoltaic signage system and street light lighting system have been put into operation under the road scenarios in Tongzhou District and Fangshan District for demonstration. Such systems are expected to be widely applied to provinces and cities nationwide and will hence promote rapid development of colored photovoltaic.

Green Power Transportation

During the period under review, Qiyuanxin Power focused on the development of holistic solution applicable to battery swap of unmanned mine trucks in mine sites, which has already been put into operation, in an active attempt to tap into the unmanned vehicles application market in respect of scenarios such as main routes to collection and distribution ports as well as in-port transportation. In addition, it has developed the first “battery swap station for unmanned heavy trucks” in Xinjiang, marking the first intelligent green mine model project in Southern Xinjiang. Meanwhile, with regards to innovative areas of motive battery transportation, new energy vessels and echelon utilization of motive battery, we actively applied for a number of national key research and development programs and projects in 2023, so as to constantly enhance the Group’s technological innovation capability and its influence in the emerging energy industries with technological innovation and application demonstration as the main focuses.

Electricity Sales

For the first half of 2023, the details of electricity sold by the Group are set out as follows:

	First half of 2023 MWh	First half of 2022 MWh	Changes %
Total electricity sold	48,259,373	53,045,286	-9.02
- Hydropower	5,622,929	12,838,036	-56.20
- Wind power	8,345,931	5,045,418	65.42
- Photovoltaic power	6,015,399	4,523,739	32.97
- Coal-fired power	26,702,281	30,230,377	-11.67
- Natural gas power	951,592	407,716	133.40
- Environmental power	621,241	N/A	N/A

In the first half of 2023, the total electricity sold by the Group amounted to 48,259,373MWh, representing a decrease of 9.02% as compared with the corresponding period last year. The changes in electricity sold by each power segment as compared with the corresponding period last year are as follows:

- Hydropower – A decrease of 56.20% in electricity sold due to a year-on-year decrease in average rainfall in the river basins where the Group’s hydropower plants are located during the period.
- Wind power and photovoltaic power – Benefitted from the mergers and acquisitions as well as the commencement of commercial operation of new generating units, the electricity sales of wind power and photovoltaic power recorded year-on-year increases of 65.42% and 32.97%, respectively.
- Coal-fired power – Despite the benefits from the increase in electricity demand during the period, the electricity sold decreased by 11.67% year-on-year as a result of the completion of the disposal of shares in two coal-fired power subsidiaries at the end of last year (the “**Coal-fired Power Disposal**”). If the effect of the Coal-fired Power Disposal was excluded, the electricity sales of coal-fired power increased year-on-year, exceeding the growth rate of national electricity consumption.
- Natural gas power — Benefitted from the commencement of commercial operation of new projects in the second half of 2022, the electricity sold increased by 133.40% year-on-year.
- Environmental power — The Group acquired various environmental power generation companies during the second half of last year, which resulted in the addition of a new power segment to the Group.

For the first half of 2023, the details of electricity sold by the Group’s main associates and joint ventures are set out as follows:

	First half of 2023 MWh	First half of 2022 MWh	Changes %
Total electricity sold	22,685,060	13,240,376	71.33
Associates			
- Wind power	406,613	N/A	N/A
- Photovoltaic power	58,754	55,444	5.97
- Coal-fired power	20,397,058	11,226,884	81.68
Joint ventures			
- Wind power	439,581	743,678	-40.89
- Photovoltaic power	2,300	N/A	N/A
- Coal-fired power	1,380,754	1,214,370	13.70

Heat Sales

For the first half of 2023, the total heat sold by the subsidiaries of the Group was 8,187,093GJ, representing a decrease of 984,556GJ or 10.73% as compared with the corresponding period last year. The Group's main associates and joint ventures recorded total heat sold of 9,465,613GJ, representing an increase of 2,384,037GJ or 33.67% as compared with the corresponding period last year. The commencement of operation of the new generating units has had a positive impact on the overall heat sold, however, with two subsidiaries became associates after the Coal-fired Power Disposal, the total heat sold by subsidiaries has decreased year-on-year.

Market-Power Transactions

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

For the first half of 2023, all the power production quota of large-scale coal-fired power generating units of the Group were obtained from the market, therefore the proportion of market-power sales has reached 100% (2022: 100%), and the average market on-grid tariff was at a premium of approximately 20.23% (2022: 19.34%) as compared with the average benchmark on-grid tariff officially approved by the Chinese Government.

Average On-Grid Tariff

For the first half of 2023, the Group's average on-grid tariffs of each power segment as compared with the corresponding period last year were as follows:

- Hydropower was RMB263.65/MWh, representing an increase of RMB1.36/MWh as compared with the corresponding period last year. It was mainly attributable to the increase in the proportion of electricity sales with relatively higher tariffs, and thus resulted in a higher average on-grid tariff of hydropower.
- Wind power was RMB476.73/MWh, representing a decrease of RMB6.14/MWh as compared with the corresponding period last year. It was mainly attributable to the fact that the average on-grid tariff of the newly operating wind power projects was lower than that of the existing wind power projects, and thus resulted in a lower average on-grid tariff of wind power.

- Photovoltaic power was RMB418.64/MWh, representing a decrease of RMB24.73/MWh as compared with the corresponding period last year. It was mainly attributable to the commencement of operation of the Group's various grid parity photovoltaic power generation projects, which resulted in a lower average on-grid tariff of photovoltaic power.
- Coal-fired power was RMB402.68/MWh, representing an increase of RMB0.76/MWh as compared with the corresponding period last year.
- Natural gas power was RMB654.12/MWh, representing an increase of RMB33.26/MWh as compared with the corresponding period last year. It was mainly attributable to the increase in average selling price upon the participation of a natural gas power plant of the Group in the market-power transactions through the power grid company in Guangdong Province.
- The average on-grid tariff of the environmental power business, which was newly added in the second half of last year, was RMB540.89/MWh.

Average Utilization Hours of Power Generating Units

For the first half of 2023, the average utilization hours of power generating units of each power segment of the Group as compared with the corresponding period last year were as follows:

- The average utilization hours of hydropower was 1,046 hours, representing a decrease of 1,333 hours as compared with the corresponding period last year. It was mainly attributable to the decrease in power generation as a result of the decrease in the average rainfall in the river basins where the Group's hydropower plants are located during the period.
- The average utilization hours of wind power was 1,163 hours, representing an increase of 64 hours as compared with the corresponding period last year. It was mainly attributable to the improved availability of wind resources as compared with the corresponding period last year.
- The average utilization hours of photovoltaic power was 769 hours, representing a decrease of 56 hours as compared with the corresponding period last year. It was mainly attributable to the decrease in solar irradiance for photovoltaic power as compared with the corresponding period last year, as well as the commencement of operation of various distributed and household photovoltaic projects with relatively lower utilization hours.
- The average utilization hours of coal-fired power was 2,556 hours, representing an increase of 402 hours as compared with the corresponding period last year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the period.
- The average utilization hours of natural gas power was 2,060 hours, representing an increase of 531 hours as compared with the corresponding period last year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the period.

- The average utilization hours of the environmental power business, which was newly added in the second half of last year, was 3,759 hours.

Energy Storage Business

For the first half of 2023, the revenue from the energy storage business amounted to RMB1,626,370,000, representing a year-on-year increase of RMB1,533,855,000 or a growth of over 16 times; and the net profit amounted to RMB35,085,000, representing an increase of RMB11,563,000 or 49.16% as compared with the corresponding period last year. The revenue of energy storage business has increased significantly year-on-year with the continuous expansion of the business. However, due to fierce market competition, coupled with the significant price fluctuations of raw material, the increase in net profit was limited. The energy storage business mainly comprises the sales of energy storage equipment, the provision of subcontracting services for developing and assembling power stations integrated with energy storage and energy storage capacities leasing services, and charging services of energy storage power stations. Energy storage is an emerging industry, and the Group's energy storage business is still at the preliminary stage of growth. In light of the rapid development of the energy storage market, it is expected that the energy storage business will have a promising prospect.

During the period under review, the Group diversified the development of its energy storage projects and continued to expand its overseas businesses, including the entering into of strategic cooperation agreements with companies in Mexico, Australia and other countries. Given the huge opportunities in the international market, the Group will also accelerate the establishing of an overseas sales team and actively expand its sales channels in the future, so as to press ahead with the development in the overseas energy storage market in full steam. As the business continues to grow, it is expected that the contribution of the energy storage segment to the Group will continue to increase in the future.

OPERATING RESULTS OF THE FIRST HALF OF 2023

For the first half of 2023, the net profit of the Group amounted to RMB2,549,571,000, representing an increase of RMB1,119,144,000 or 78.24% as compared with the corresponding period last year.

For the first half of 2023, the net profit (loss) of each operating segment and their respective changes over the corresponding period last year were as follows:

Operating Segment	First half of 2023 <i>RMB'000</i>	First half of 2022 <i>RMB'000</i>	Changes %
- Hydropower	(146,863)	1,233,212	-111.91
- Wind power	1,453,360	856,443	69.70
- Photovoltaic power	775,053	636,919	21.69
- Thermal power	561,718	(1,095,974)	151.25
- Energy storage	35,085	23,522	49.16
- Unallocated	(128,782)	(223,695)	42.43

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

Revenue

The revenue of the Group was mainly derived from the sales of electricity to regional and provincial power grid companies, and the provision of power generation and energy storage-related services. For the first half of 2023, the Group recorded a revenue of RMB21,317,030,000, representing an increase of 4.98% as compared with RMB20,305,157,000 of the corresponding period last year.

For the first half of 2023, the details of revenue of each operating segment are set out as follows:

Operating Segment	First half of 2023 RMB'000	First half of 2022 RMB'000	Changes %
- Hydropower	1,482,497	3,367,340	-55.97
- Wind power	3,978,786	2,436,299	63.31
- Photovoltaic power	2,518,311	2,005,709	25.56
- Thermal power	11,711,066	12,403,294	-5.58
- Energy storage	1,626,370	92,515	1,657.95

- Revenue from hydropower decreased by RMB1,884,843,000, which was attributable to the decrease in electricity sales of hydropower during the period.
- Revenue from wind power and photovoltaic power increased by RMB2,055,089,000 in aggregate due to the commencement of commercial operation of various projects.
- Revenue from thermal power decreased by RMB692,228,000, which was attributable to the effect of the Coal-fired Power Disposal. If the effect of the Coal-fired Power Disposal was excluded, the revenue from thermal power increased year-on-year.
- Revenue from energy storage increased by RMB1,533,855,000 as the Group expanded its energy storage business continuously in tandem with the accelerated growth of the energy storage market.

Operating Costs

Operating costs of the Group mainly consist of fuel costs, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, subcontracting costs, cost of sales of energy storage equipment, consumables and other operating expenses. For the first half of 2023, the operating costs of the Group amounted to RMB17,590,882,000, representing a rise of 4.35% as compared with RMB16,857,356,000 of the corresponding period last year. Despite the significant decrease in fuel costs due to the Coal-fired Power Disposal, the operating costs recorded a year-on-year increase as a result of the commencement of operation and consolidation of various newly acquired clean energy projects, as well as the significant year-on-year increase in the relevant costs due to the expansion of the business of energy storage equipment sales.

Total Fuel Costs

The total fuel costs decreased by RMB1,770,966,000 or 17.29%, mainly due to the significant decrease in fuel costs as a result of the significant decrease in fuel consumption after the Coal-fired Power Disposal.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB297.87/MWh, representing a decrease of 10.16% from that of RMB331.57/MWh of the corresponding period last year. It was mainly attributable to the fact that prices continued to fall as a result of the steady growth of production volume and the improvement in supply given the continuous release of domestic coal production capacity. In addition, the Group actively promoted the fulfillment of and supervision over coal purchase under long-term coal contracts, which, coupled with the implementation of policies such as zero tariff on coal imports, also contributed to the decrease in fuel costs.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB627,266,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation and being consolidated in the second half of last year and during the period.

Cost of Energy Storage Equipment Sales and Subcontracting Costs

The Group's energy storage segment is principally engaged in sales of energy storage equipment and the provision of subcontracting services for developing and assembling power station integrated with energy storage. For the first half of 2023, the cost of energy storage equipment sales and subcontracting cost totaled RMB1,545,347,000, representing an increase of RMB1,487,034,000 or 2,550.09% as compared with the corresponding period last year, which was mainly attributable to the year-on-year increase in sales of energy storage equipment and the increase in raw material costs thereof during the period.

Other Operating Expenses

Other operating expenses increased by RMB303,047,000 or 28.84% year-on-year, mainly due to the increase in the amortization of other intangible assets.

Other Gains and Losses, Net

The net gains from other gains and losses decreased by RMB105,016,000 or 35.74% year-on-year, mainly due to the year-on-year decrease in sales of unused power production quota and profits on sales of heat, trading of coal, coal by-products, spare parts and others.

Operating Profit

For the first half of 2023, the Group's operating profit was RMB4,478,416,000, representing an increase of 11.50% as compared with the operating profit of RMB4,016,650,000 of the corresponding period last year.

Finance Costs

For the first half of 2023, the finance costs of the Group amounted to RMB1,986,918,000 (2022: RMB2,137,952,000), representing a decrease of RMB151,034,000 or 7.06% as compared with the corresponding period last year. The decrease in finance costs was mainly due to the decrease in average interest rate as a result of the Group's proactive efforts in promoting the optimization of debt structure and replacing the borrowings with high interests, as well as the effect of the Coal-fired Power Disposal.

Share of Results of Associates

For the first half of 2023, the share of results of associates was a profit of RMB250,773,000, representing an increase in profits of RMB321,951,000 as compared with the loss of RMB71,178,000 of the corresponding period last year. The increase in profits was mainly due to the year-on-year decrease in cost of coal prices, and the significant increase in profit of associates engaging in coal-fired power-related business as a result of the year-on-year increase in the average on-grid tariff of coal-fired power.

Share of Results of Joint Ventures

For the first half of 2023, the share of results of joint ventures was a profit of RMB61,891,000, representing an increase in profits of RMB69,580,000 as compared with the loss of RMB7,689,000 of the corresponding period last year. The increase in profits was mainly due to the year-on-year decrease in cost of coal prices, and the significant increase in profits of joint ventures engaging in coal-fired power-related business as a result of the year-on-year increase in the average on-grid tariff of coal-fired power.

Income Tax Expense

For the first half of 2023, income tax expense of the Group was RMB430,088,000, representing a decrease of RMB30,149,000 as compared with RMB460,237,000 of the corresponding period last year. The decrease was mainly due to the year-on-year decrease in profits of the hydropower segment.

Interim Dividend

The Board has resolved not to distribute any interim dividend for the six months ended 30 June 2023.

EQUITY INSTRUMENTS AT FVTOCI

As at 30 June 2023, the carrying amount of equity instruments at FVTOCI was RMB4,384,055,000, accounting for 1.97% of total assets, including listed equity securities of RMB3,912,657,000 and unlisted equity investments of RMB471,398,000.

Listed equity securities represent the equity interests in Shanghai Electric Power Co., Ltd.* (“**Shanghai Power**”) held by the Group. As at 30 June 2023, the Group held 12.90% (31 December 2022: 12.90%) of the issued share capital of Shanghai Power, the A shares of which are listed on the Shanghai Stock Exchange. It was categorized as level 1 financial assets of fair value measurements, and its fair value increased by 7.59% as compared with RMB3,636,555,000 as at 31 December 2022.

Unlisted equity investments represent the Group's investment in equity of certain unlisted companies principally engaged in financial services, coal production and electricity trading services respectively. They were categorized as level 3 financial assets of fair value measurements, and their fair values decreased by 4.79% from RMB495,112,000 as at 31 December 2022.

The valuation technique and key inputs used for measuring the fair value of the above level 3 financial assets were market approach, i.e. fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio (1.4) and price-earning ratio (4.7) of the comparable companies, and (iii) the discount for lack of marketability (22.0%- 27.7%).

The fair value gain on equity instruments at FVTOCI for the six months ended 30 June 2023 of RMB189,291,000 (net of tax) (2022: loss of RMB680,493,000) was recognized in the interim condensed consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals during the period under review.

EVENT AFTER THE REPORTING PERIOD

On 26 July 2023, the Company and SPIC entered into Agreement I, pursuant to which the Company conditionally agreed to acquire, and SPIC conditionally agreed to sell, Equity Interests I, being the equity interests in four companies principally engaged in clean energy power generation, to the Company at a consideration of RMB8,811,044,100, which will be settled by cash. On the same day, the Company, SPIC Guangdong and CPCEC entered into Agreement II, pursuant to which the Company conditionally agreed to acquire, and SPIC Guangdong and CPCEC conditionally agreed to sell, Equity Interests II, being the equity interests in Jieyang Company, to the Company at a consideration of RMB1,974,016,700, which will be settled by cash. For details, please refer to the announcement of the Company dated 26 July 2023.

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 30 June 2023, cash and cash equivalents of the Group were RMB8,122,121,000 (31 December 2022: RMB4,228,099,000). Current assets amounted to RMB36,711,944,000 (31 December 2022: RMB30,885,745,000), current liabilities amounted to RMB47,244,828,000 (31 December 2022: RMB45,925,034,000) and current ratio was 0.78 (31 December 2022: 0.67).

During the period under review, the Group recorded a net increase in cash and cash equivalents of RMB3,905,160,000 (2022: net increase of RMB6,810,225,000). For the six months ended 30 June 2023:

- net cash generated from operating activities amounted to RMB3,248,977,000 (2022: RMB6,625,423,000). The significant change in cash inflow was mainly attributable to the significantly lower amount of value-added tax credit refunds and new energy subsidies received during the first half of this year.

- net cash used in investing activities amounted to RMB7,526,899,000 (2022: RMB8,519,147,000), which mainly represented the cash outflow of capital expenditure on payments for property, plant and equipment, and right-of-use assets and prepayments for construction of power plants of the Group. The significant decrease in cash used was mainly due to the significant year-on-year increase in repayment from related parties.
- net cash generated from financing activities amounted to RMB8,183,082,000 (2022: RMB8,703,949,000). The decrease in net cash inflow, as compared with the corresponding period last year, was mainly attributable to the year-on-year decrease in the amount of drawdown of other borrowings.

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

DEBTS

As at 30 June 2023, total debts of the Group amounted to RMB121,859,338,000 (31 December 2022: RMB116,606,464,000). Over 99% of the Group's total debts are denominated in RMB.

As at 30 June 2023, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 60% (31 December 2022: approximately 62%). The Group's gearing ratio remained stable.

As at 30 June 2023, the amount of borrowings granted by SPIC Financial was approximately RMB3.16 billion (31 December 2022: approximately RMB2.01 billion).

ASSET IMPAIRMENT

When there is any indication of asset impairment, the Group will conduct an impairment test on the assets to assess whether an impairment has occurred. During the period, the Group has no material asset impairment.

SIGNIFICANT FINANCING

In August 2022, the Central Government adopted a series of follow-up policies for stabilizing the economy as part of its intensified efforts to strengthen the foundation for economic recovery and growth according to the decision made at the executive meeting of the State Council. Among them, it encouraged power generation enterprises to issue energy supply assurance special bonds to enhance the financial strength of these enterprises, promote their reform and transformation, improve their ability to ensure stable energy supply, and thus promote the overall economic recovery and development. Through SPIC, the ultimate controlling shareholder of the Company, the Group has been allocated up to an aggregate amount of approximately RMB11.268 billion of funding in the form of perpetual debt instruments; and an accumulated total of RMB9.227 billion has been received up to 30 June 2023. The perpetual trust funds under the perpetual debt investment contracts enables the Group to expand its financing channels, enhance its cash flow adequacy, and optimize its asset-liability structure and thus its financial position. In the first half of 2023, certain subsidiaries and an associate of the Group have received approximately RMB2.967 billion and RMB0.2 billion, respectively by entering into the perpetual debt investment contracts.

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

CAPITAL EXPENDITURE

For the first half of 2023, the capital expenditure of the Group was RMB8,632,097,000 (2022: RMB8,155,033,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power, photovoltaic power and energy storage) was RMB8,113,490,000 (2022: RMB6,274,389,000), which was mainly applied for the engineering construction of new power plants and power stations, and the asset purchases related to the energy storage business; whereas the capital expenditure for thermal power segment was RMB290,305,000 (2022: RMB1,653,404,000), which was mainly applied for the engineering construction of new thermal power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, debt instruments, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 30 June 2023, the Group pledged certain property, plant and equipment and right-of-use assets with a net book value of RMB2,393,838,000 (31 December 2022: RMB1,849,800,000) to certain banks and other third parties to secure bank borrowings and other borrowings in the amount of RMB2,557,638,000 (31 December 2022: RMB741,473,000). In addition, certain bank borrowings, other borrowings and lease liabilities totaling RMB28,692,181,000 (31 December 2022: RMB26,120,745,000) were secured by the rights on certain accounts receivable amounted to RMB4,828,394,000 (31 December 2022: RMB3,467,887,000).

CONTINGENT LIABILITIES

As at 30 June 2023, the Group had no material contingent liabilities.

FOREIGN EXCHANGE RISKS

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings, borrowings from related parties as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in Japanese Yen (“JPY”) and United States Dollars (“USD”) during the period. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 30 June 2023, the Group's borrowings denominated in foreign currencies amounted to RMB709,660,000 (31 December 2022: RMB702,940,000), which accounted for 0.58% (31 December 2022: 0.60%) of the total debts of the Group.

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

FUNDING RISKS

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

As at 30 June 2023, the Group had sufficient available unutilized financing facilities amounting to RMB24,937,615,000 and will refinance and restructure the existing loan terms when appropriate to safeguard against funding risks.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

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

Human Resources

As at 30 June 2023, the Group had a total of 10,636 (2022: 10,928) full-time employees.

Energy Saving and Emissions Reduction

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

For the first half of 2023, the net coal consumption rate of the Group was 298.47g/kWh, representing a slight decrease of 2.48g/kWh as compared with the corresponding period last year. Benefitted from the optimization of the power generation structure, and the completion of the energy-saving transformation projects of various power generating units, the net coal consumption was lowered effectively.

For the first half of 2023, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2022: 100%), and the efficiency ratio of desulphurization reached 99.45% (2022: 99.42%); while the operational ratio of denitration facilities was 100% (2022: 100%) and the efficiency ratio of denitration reached 89.16% (2022: 90.27%).

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

- the emission rate of sulphur dioxide (SO₂) at 0.073g/kWh, representing an increase of 0.005g/kWh as compared with the corresponding period last year;
- the emission rate of nitrogen oxide (NO_x) at 0.138g/kWh, representing an increase of 0.010g/kWh as compared with the corresponding period last year; and

- the emission rate of flue gas and dusts at 0.009g/kWh, representing an increase of 0.001g/kWh as compared with the corresponding period last year.

Due to the Coal-fired Power Disposal (i.e. the disposal of Yaomeng Power Plant and Dabieshan Power Plant) with relatively lower emission rate, the average value of environmental protection indicators has increased.

OUTLOOK FOR THE SECOND HALF OF 2023

In the second half of the year, the Company will firmly adhere to the annual operation and development goals and spare no efforts in ensuring the achievement of all missions and targets comprehensively in this year for forging ahead its strategic transformation by focusing on priorities and key tasks, addressing inadequacies and shoring up points of weakness, catching up schedules and achieving outstanding results, with a focus on the following tasks:

Continuously optimizing asset structure with a focus on further enhancement of operation efficiency. The acquisition of high-quality clean energy assets involved in the Acquisitions (for details, please refer to the announcement of the Company dated 26 July 2023) will further enhance the asset structure of the Company, firmly promote the implementation of the Company's new development strategy of transforming itself into a leading clean and low-carbon energy provider and represent a frog-leap step towards its strategic goal. Upon completion of the Acquisitions, it is expected that the proportion of the Company's installed capacity of clean energy will increase by approximately 6.9 percentage points. The Company will vigorously promote the development and commencement of operation of quality clean energy and strive to proceed the Acquisitions to completion as soon as possible within this year, which is expected to further improve the results and earnings per share of the Company.

Optimizing the development layout while accelerating the implementation of key projects. The Company will promote the rapid implementation of large-scale new energy base projects and the two types of "integrated" projects (i.e. integrated source-grid-load-and-storage project and integrated multi-energy complementary project). An integrated intelligent zero-carbon power plant will be established with pooled management achieved through "load-side management + distributed power source + energy storage". The Company will also fully leverage the function of the green power conversion and development center and make use of its internal and external resources to track the progress of green power conversion projects on a continuous basis and practically steer the implementation of the first batch of these integrated projects.

Strengthening the top-level design of scientific research to unlock greater values of the emerging energy industries and technological innovation. The Company will step up its efforts in the research and development of advanced technologies to push forward the progress of electrochemical energy storage and compressed air energy storage projects in full steam, whilst actively applying for establishment of demonstration pilot projects of novel energy storage with the National Energy Administration. We will carry on developing the organization system of scientific research, and complete the collaborative works in relation to the establishment of green energy and low-carbon technology research institutes, endeavoring to achieve groundbreaking success in the application of nation-level scientific research projects in the coming future. We will also accelerate the expansion in emerging energy industries and markets by driving companies in the emerging industries such as Xinyuan Jingwu to quickly lock in their first batch of users and resources, so as to ensure its long-term contribution to the profits of the Group.

Exploring opportunities for international development and leveraging on overseas investment and financing. Keeping abreast of the global trend of energy reform, the Group will capitalize on its advantages in technological innovation and development of clean energy and give play to its edges in overseas investment and financing as a red chip company to develop or acquire quality green power projects in certain key regional markets, such as Asia, Europe and Latin America, as and when appropriate, striving to push forward the development of emerging industries of green energy including energy storage and green power transportation overseas in full force. The Group will continue to intensify its efforts in the cultivation of international talents and establish a new international business and talent support center to secure a talent pool for its overseas projects and guarantee large-scale development of overseas green power industries, so as to expand the brand influence of the Company abroad.

The Group will continue to optimize its path of transformation and development, stay committed to green, innovative and high-quality development and accelerate the pace to become a “World-class Green and Low-carbon Energy Provider” in full steam, and create greater value for all shareholders and other stakeholders.

REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the interim condensed consolidated financial statements for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

CORPORATE GOVERNANCE

The Company believes that good corporate governance is an essential element in enhancing and safeguarding the interests of shareholders and other stakeholders, and is vital to the healthy and sustainable development of the Group. The Company commits to maintaining a high level of corporate governance by adopting and applying good corporate governance principles and practices. The Company has formed a standardized governance structure and has in place an effective risk management and internal control system.

The Group’s corporate governance practices have been fully disclosed in the “Corporate Governance Report” of the Company’s annual report 2022. The Company has complied with all the applicable provisions of Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (the “**Code of Conduct**”), the terms of which are no less than the requirements of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the six months ended 30 June 2023.

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

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

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

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

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

Hong Kong, 24 August 2023

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