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)

2023 ANNUAL REPORT


Photovoltaic Power
Energy Storage
Wind Power
Hydropower
启源芯动力
智能充换电站
Green Power Transportation
Colored Photovoltaic
Thermal Power
中国电力
CPID

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2023 Performance Highlights

PROFIT ATTRIBUTABLE TO

Equity holders of the Group

2023
3,084,469 RMB'000

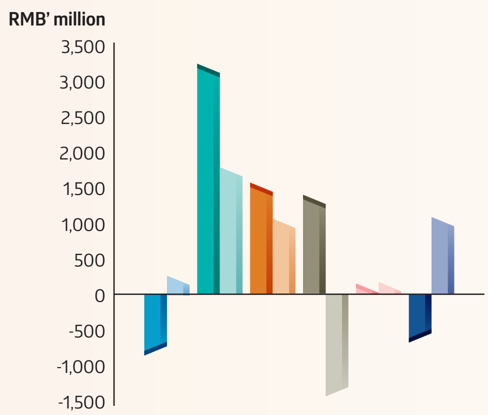
2022
2,648,051 RMB'000

Ordinary Shareholders of the Company

2023
2,660,322 RMB'000

2022
2,480,840 RMB'000

NET PROFIT/(LOSS)



RMB'000	2023	2022
Hydropower	(826,225)	261,385
Wind Power	3,116,119	1,707,501
Photovoltaic Power	1,503,868	1,023,678
Thermal Power	1,315,169	(1,390,602)
Energy Storage	37,177	34,220
Unallocated	(612,153)	1,049,156
Total	4,533,955	2,685,338

OTHER KEY PERFORMANCE INDICATORS

Revenue (RMB'000)
2023 **44,261,767** — 1.31%
2022 43,689,129

Basic Earnings Per Share (RMB)
2023 **0.22**
2022 0.22

Net Assets (RMB'000)
2023 **95,020,712** — 38.53%
2022 68,590,105

Operating Profit (RMB'000)
2023 **8,715,187** — 14.61%
2022 7,604,262

Dividend Per Ordinary Share (RMB)
2023 **0.132** — 20.00%
2022 0.11

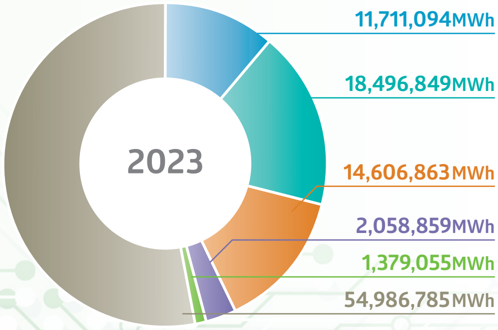
Total Assets (RMB'000)
2023 **305,806,779** — 44.65%
2022 211,404,964

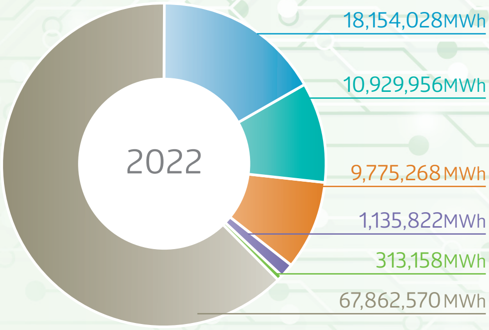
TOTAL ELECTRICITY SOLD

2023
103,239,505 MWh

2022
108,170,802 MWh

CHANGE
-4.56%





Hydropower 35.49%	Coal-fired Power 18.97%*
Wind Power 69.23%	Natural Gas Power 81.27%
Photovoltaic Power 49.43%	Environmental Power 340.37%

* *The Company disposed part of its equity interest in two coal-fired power subsidiaries at the end of 2022. The two subsidiaries became associates of the Company after the said disposal. Please refer to the Company's announcement dated 28 December 2022 for details.*

Equity Attributable to Equity Holders of the Company (RMB'000)

2023
53,639,741
14.20%

2022
46,968,645

Total Debts (RMB'000)

2023
168,714,840
44.69%

2022
116,606,464

Cash and Cash Equivalents (RMB'000)

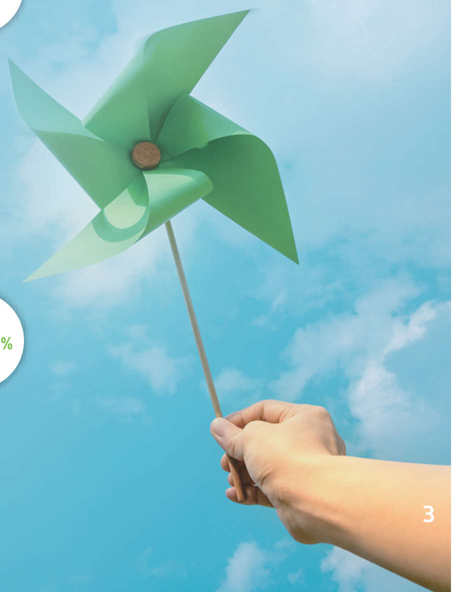
2023
5,738,815
35.73%

2022
4,228,099

Consolidated Installed Capacity (MW)

2023
45,018.8
42.47%

2022
31,599.2



Corporate Information

BOARD OF DIRECTORS

Executive Directors

HE Xi *(Chairman of the Board)*
GAO Ping *(President, the chief executive of the Company)*

Non-executive Directors

ZHOU Jie
HUANG Qinghua

Independent Non-executive Directors

LI Fang
YAU Ka Chi
HUI Hon Chung, Stanley

AUDIT COMMITTEE

YAU Ka Chi *(Chairman)*
LI Fang
HUI Hon Chung, Stanley

RISK MANAGEMENT COMMITTEE

HE Xi *(Chairman)*
GAO Ping
LI Fang
YAU Ka Chi
HUI Hon Chung, Stanley

REMUNERATION AND NOMINATION COMMITTEE

LI Fang *(Chairman)*
YAU Ka Chi
HUI Hon Chung, Stanley

STRATEGIC AND SUSTAINABLE DEVELOPMENT COMMITTEE

HE Xi *(Chairman)*
GAO Ping
ZHOU Jie
LI Fang
YAU Ka Chi

EXECUTIVE COMMITTEE

HE Xi *(Chairman)*
GAO Ping
All vice presidents of the Company

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6301, 63/F., Central Plaza
18 Harbour Road
Wanchai, Hong Kong

BEIJING OFFICE

East Building, Hui Huang Shi Dai Plaza
56 North West Fourth Ring Road, Haidian District
Beijing, China

COMPANY WEBSITE

www.chinapower.hk

LISTING INFORMATION

Shares of China Power are:

- listed on the Hong Kong Stock Exchange (Stock Code: 2380/Bloomberg: 2380:HK/Reuters: 2380.HK); and
- eligible for Southbound trading through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY SECRETARY

CHEUNG Siu Lan

AUDITOR

Ernst & Young

Vision, Mission and Philosophy

VISION
The World's Leading Green
and Low-carbon Energy Provider

MISSION
Lower Carbon
Empower Better Life

PHILOSOPHY
Green-empowerment
Intelligent Innovation
Mutual Achievement

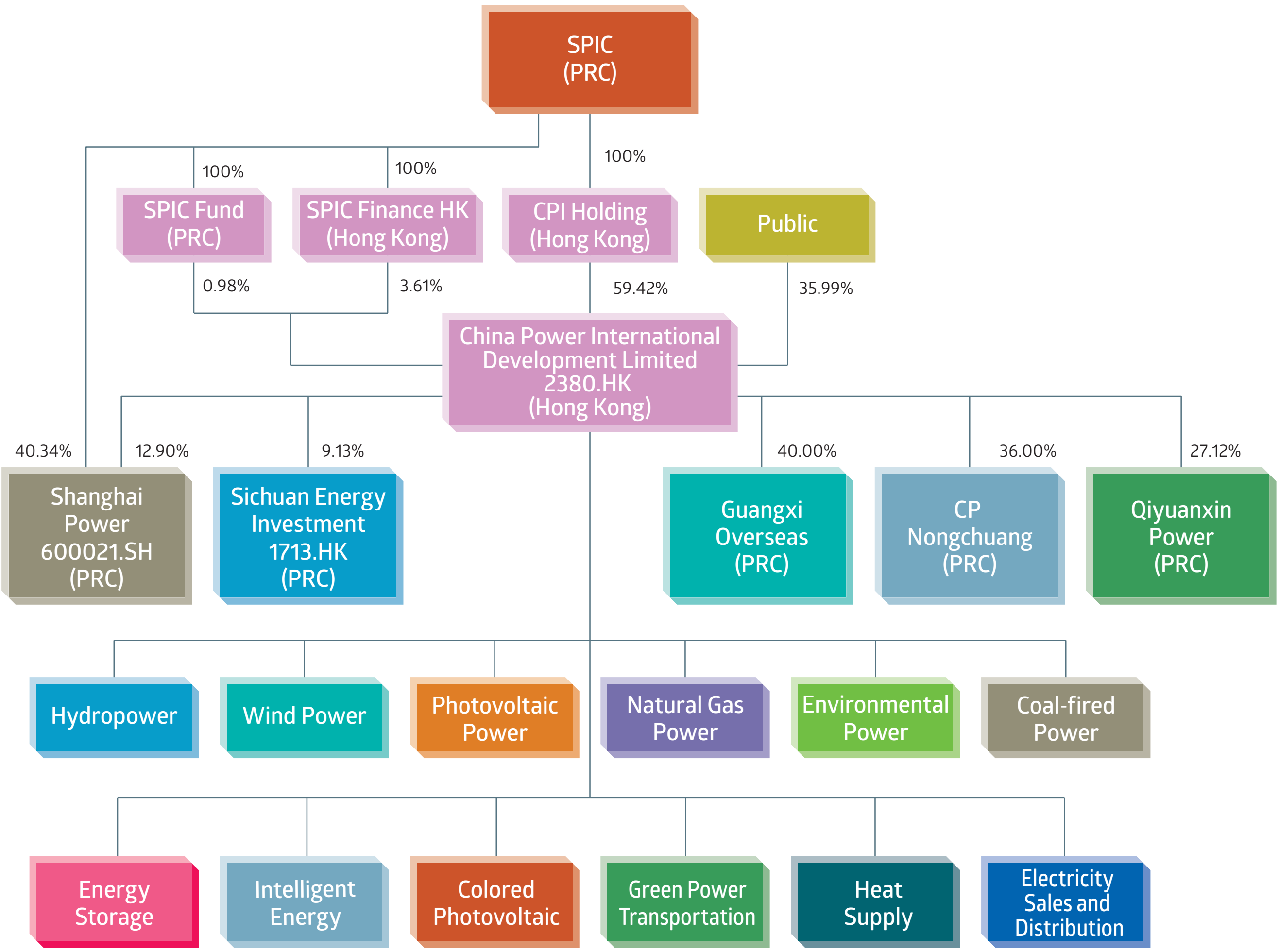
Company Profile

China Power was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 24 March 2004 and is a core subsidiary of SPIC, which is an integrated energy group that simultaneously owns thermal power, hydropower, nuclear power and renewable energy resources in the PRC.

The shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on 15 October 2004 with the stock code 2380. From the beginning of solely engaging in generation and electricity sales of coal-fired power, the Company has expanded its business into the areas of, among others, hydropower, wind power, photovoltaic power, natural gas power, environmental power, energy storage, green energy transportation and integrated energy services through continuous development. Various business segments have been kept growing along with the constant expansion of the Group.

As at 31 December 2023, the Group's total consolidated installed capacity was 45,018.8MW, of which consolidated installed capacity of clean energy was 33,938.8MW, accounting for 75.39% of the total consolidated installed capacity.

GROUP STRUCTURE



Note: The above group structure is recorded as at 21 March 2024, the date of this annual report.

CLEAN ENERGY DEVELOPMENT JOURNEY

2004

Listed on the Main Board of the Hong Kong Stock Exchange

2009

Acquisition of Wu Ling Power, which principally engaged in hydropower generation with installed capacity of approximately 6,000MW

2017

Acquisitions of clean energy companies in Guangxi, Shandong, Hubei and Anhui Provinces with installed capacity of approximately 3,900MW

2021

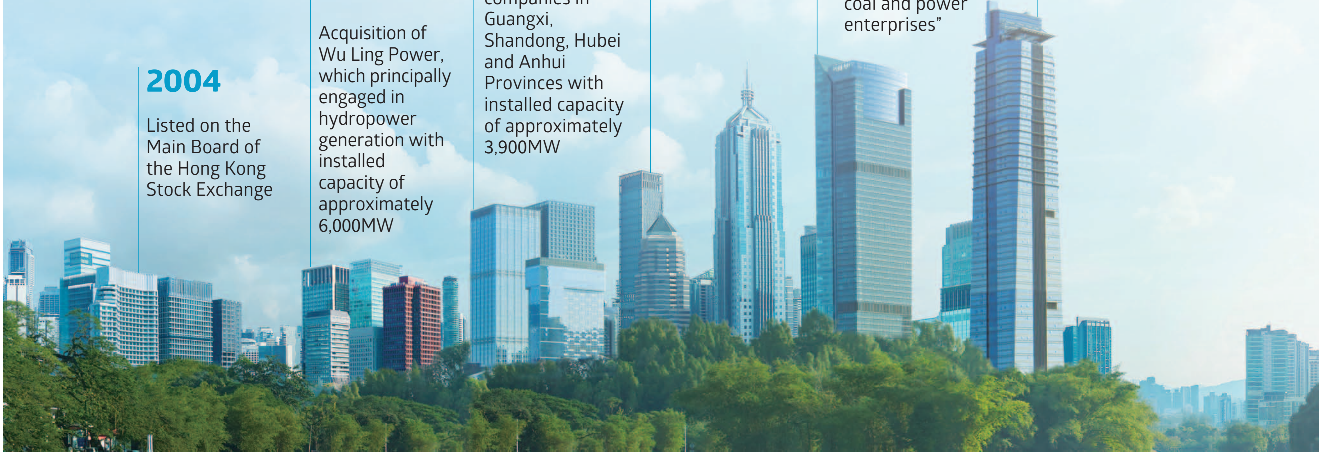
Published the Outline of the New Development Strategy

2022

- Acquisitions of 23 clean energy companies with installed capacity of approximately 2,200MW
- Improved asset structure by realizating "joint operations between coal and power enterprises"

2023

- Hosted the Technological Innovations for Energy Security Forum successfully
- Acquisitions of clean energy companies in 21 provinces with installed capacity of approximately 9,300MW

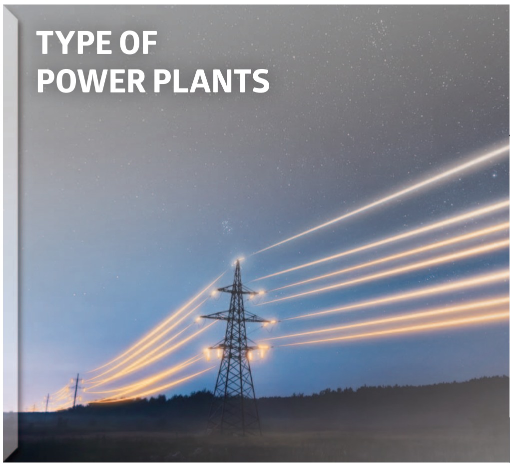


Note: The above acquisitions included the installed capacity of power plants in operation and under construction.

EXISTING POWER PLANTS

As at 31 December 2023, the Group's total consolidated installed capacity presented by **type of power plants** is as follows:

Business Distribution



Type of Power Plants	Consolidated Installed Capacity (MW)
Hydropower	5,951.1
Wind Power	12,016.1
Photovoltaic Power	15,149.4
Natural Gas Power	505.2
Environmental Power	317.0
Coal-fired Power	11,080.0
Total	**45,018.8**

As at 31 December 2023, the total consolidated installed capacity of **the Group's wholly-owned and controlled power plants** presented by **region** is as follows:

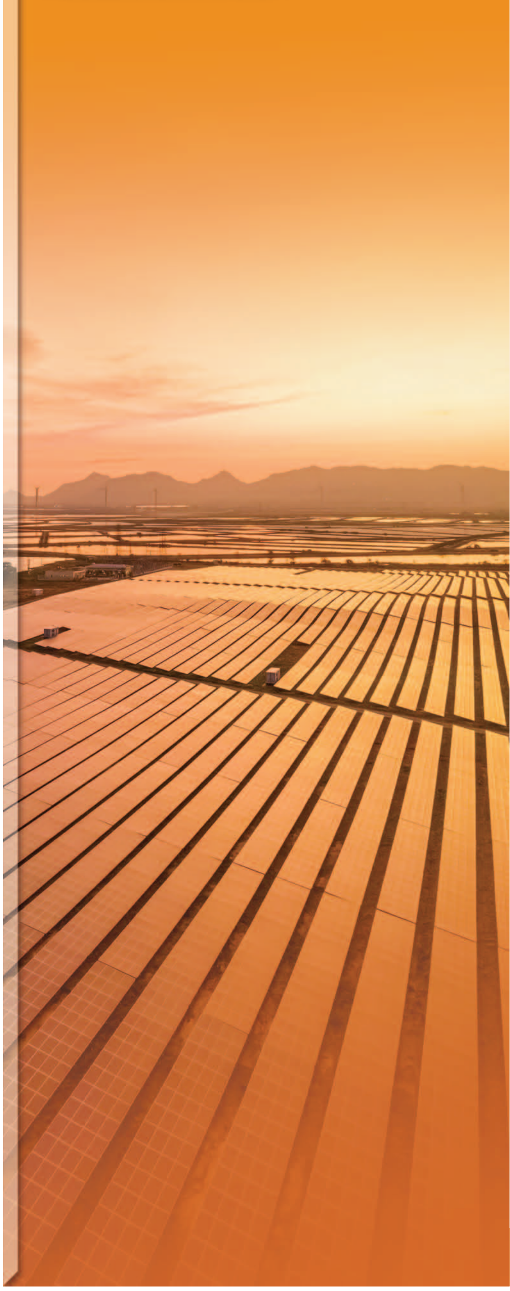
HYDROPOWER PLANT

Region	Consolidated Installed Capacity (MW)
Hunan	**3,609.7**
Guizhou	**1,570.0**
Guangxi	**630.0**
Sichuan	**141.4**
Total	**5,951.1**

WIND POWER PLANT

Region	Consolidated Installed Capacity (MW)
Shanxi	**1,723.6**
Hunan	**1,487.3**
Shandong	**1,478.3**
Guangxi	**1,324.4**
Gansu	**1,270.5**
Inner Mongolia	**1,098.1**
Henan	**571.3**
Guangdong	**511.5**
Xinjiang	**495.0**
Hubei	**417.6**
Jiangsu	**401.7**
Ningxia	**326.5**
Liaoning	**299.5**
Heilongjiang	**264.8**
Shaanxi	**149.0**
Yunnan	**97.5**
Qinghai	**50.0**
Anhui	**49.5**
Total	**12,016.1**

PHOTOVOLTAIC POWER STATION



Region	Consolidated Installed Capacity (MW)
Shanxi	2,326.2
Ningxia	2,072.8
Hubei	1,419.3
Heilongjiang	1,266.5
Hebei	1,253.6
Inner Mongolia	1,016.4
Liaoning	803.0
Anhui	668.9
Shandong	662.6
Xinjiang	450.0
Guangxi	443.8
Henan	340.0
Tianjin	318.4
Guizhou	306.3
Zhejiang	301.1
Gansu	298.0
Yunnan	296.7
Fujian	257.2
Hunan	162.0
Guangdong	119.8
Jiangxi	102.5
Jilin	77.5
Jiangsu	57.8
Sichuan	34.3
Shaanxi	32.7
Beijing	31.0
Hainan	31.0
Total	**15,149.4**

NATURAL GAS POWER PLANT

Region	Consolidated Installed Capacity (MW)
Jiangsu	200.0
Hubei	155.2
Guangdong	120.0
Sichuan	30.0
Total	**505.2**

ENVIRONMENTAL POWER PLANT

Region	Consolidated Installed Capacity (MW)
Hainan	125.0
Heilongjiang	80.0
Henan	64.0
Hebei	24.0
Sichuan	24.0
Total	**317.0**

COAL-FIRED POWER PLANT

Region	Consolidated Installed Capacity (MW)
Anhui	5,860.0
Shanxi	2,000.0
Guizhou	1,320.0
Sichuan	1,200.0
Henan	700.0
Total	**11,080.0**

As at 31 December 2023, the total attributable installed capacity of **the Group's main associates, joint ventures and investment holding companies' power plants** are as follows:

POWER PLANT

Power Plant	Attributable Installed Capacity (MW)
Shanghai Power	2,424.2
Changshu Power Plant	1,660.0
Yaomeng Power Plant	866.4
CP Shentou	648.0
Dabieshan Power Plant	530.4
Guangxi Overseas	324.5
Xintang Power Plant	300.1
Sujin Energy	285.7
Haiyang Wind Power	235.0
Rushan Wind Power	139.5
Li Yu Jiang Power Plant	151.2
Fushan Power Station	40.5
Sichuan Energy Investment	11.6
Hunan Nuclear Power	6.3
Guigang Wind Power	5.9
Lubei Power Plant	1.8
Total	**7,631.1**

PROJECTS UNDER CONSTRUCTION

As at 31 December 2023, the Group's clean energy projects under construction presented by type of power plants is as follows:

Type of Power Plants	Installed Capacity (MW)
Photovoltaic Power	5,615.9
Wind Power	1,329.8
Environmental Power	30.0
Total	**6,975.7**

NEW DEVELOPMENT PROJECTS

As at the date of this annual report, the total installed capacity of new projects in a preliminary development stage (including projects which approvals from the government of the PRC have been applied for) is approximately 16,296.5MW. The categories are distributed as follows:

Type of Projects	Installed Capacity (MW)
Wind power and photovoltaic power	16,256.5
Environmental power	40.0
Total, approximately	**16,296.5**

SHAREHOLDING IN EMERGING ENERGY INDUSTRIES AND INVESTMENT HOLDING COMPANIES

BEIJING

- stake in Xinyuan Smart Storage *(energy storage)* — 47.43%
- stake in Xinyuan Jinwu *(colored photovoltaic)* — 51.00%
- stake in CP Nongchuang *(intelligent rural energy development)* — 36.00%

GUANGXI

- stake in Guangxi Overseas *(investments in the ASEAN region)* — 40.00%

SHANGHAI

- stake in Qiyuanxin Power *(green power transportation)* — 27.12%
- stake in Shanghai Power *(integrated power supply and services)* — 12.90%

SICHUAN

- stake in Sichuan Energy Investment *(integrated power supply and services)* — 9.13%

ULTIMATE CONTROLLING SHAREHOLDER — SPIC

The Company is ultimately owned by SPIC, a wholly State-owned enterprise established by the approval of the State Council of the PRC. The business of SPIC covers the power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad with a total installed capacity of approximately 237GW, of which the total installed capacity of clean energy was approximately 166GW, accounting for 69.89% of total installed capacity.

FEBRUARY

- China Power was selected as one of the "Best Issuers" by the Shanghai Clearing House for the year 2022, being the second time for the Company to receive this award after 2021, in recognition of the Company's bond issuance work in 2022.

MARCH

- At the 2023 (6th) Smart Technology Conference on Power Equipment Management organized by China Electricity Technology Market Association, China Power was granted the Innovation Achievement Award for three of its research projects, including Five-star (First Prize) Innovation Achievement for the Research and Application of Intelligent Online Management System for Vibration State of Turbine Power Generating Units and the Research on the Application of New Firefighting System for Offshore Wind Power Turbines, respectively, and Four-star (Second Prize) Innovation Achievement for the Research on the Innovation of Firefighting System for Offshore Booster Stations.

APRIL

- At the 11th Energy Storage International Conference and Expo, Mr. HE Xi was awarded the title of "2022 Person of the Year for Energy Storage Award", and the Haiyang 100MW/200MWh Energy Storage Power Station and Jining 100MW/200MWh Energy Storage Power Station of Xinyuan Smart Storage won the "2022 Top Ten Energy Storage Application Innovation Models" and "2023 Top Ten Energy Storage Application Innovation Models" awards, respectively.

- At the 14th China Industry-University-Research Institute Collaboration Innovation Conference, Mr. HE Xi was honored with the "Outstanding Contribution for China Industry-University-Research Institute Collaboration Award" and was appointed as a distinguished expert by the China Industry-University-Research Institute Collaboration Association. Meanwhile, Xinyuan Jinwu, a subsidiary of China Power engaged in emerging green energy industry, received the "Innovation Award for Industry-University-Research Institute Collaboration" in recognition of its remarkable achievements in promoting in-depth integration of industry-university-research-application with comprehensive technological innovation system and various successful cases.

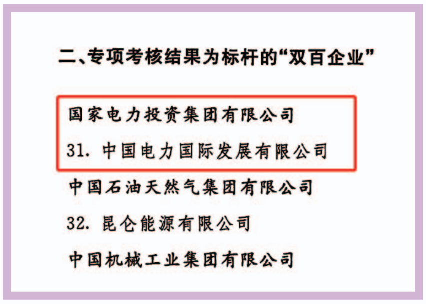
APRIL

- The first overseas photovoltaic energy storage project of China Power commenced operation at full capacity. The project is an ancillary energy storage project for the photovoltaic power station in Puerto Penasco Port, which is the first government-level solar power project of Mexico, thereby signifying the expansion of China Power's energy storage business overseas and establishment of its international presence for promoting internationalized development of the emerging energy industries.

MAY

- China Power was once again honored with the title of "Benchmark Enterprise" among the "Double Hundred Enterprises" category by the SASAC.

- Xinyuan Smart Storage, a subsidiary of the Company, was nominated for the first year and was honored with the title of "Benchmark Enterprise" under "Demonstration Enterprise in Technology Reform", fully highlighting its achievements in technological reform.



二、专项考核结果为标杆的"双百企业"

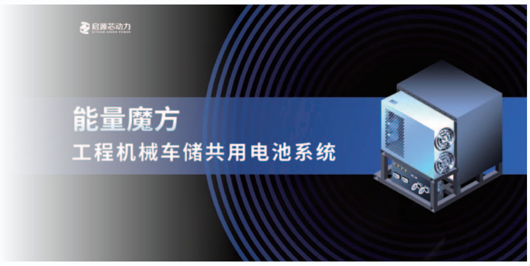
国家电力投资集团有限公司
31. 中国电力国际发展有限公司
中国石油天然气集团有限公司
32. 昆仑能源有限公司
中国机械工业集团有限公司

JUNE

- In recognition of its long-standing responsible operation and performance achievement in respect of social, environmental and corporate governance, China Power was successfully shortlisted as one of the "Top 100 ESG Pioneer Among Listed Companies in China" jointly released by the China Media Group with the SASAC and other authority institutions and departments, and was also acknowledged as a "Leading Listed Company in terms of ESG development".

JULY

- For the green power transportation segment of China Power, the battery-swap heavy-duty trucks equipped with the CTB vehicle-mounted storage-shared battery system of Qiyuanxin Power were officially approved by the Ministry of Industry and Information Technology for commercial use. The CTB battery system is the first vehicle-mounted storage-shared battery system independently developed and manufactured by Qiyuanxin Power, and revolutionarily employs the innovative assembly mode of directly integrating battery cells into the vehicle frame, which has comparative advantages in terms of degree of integration, thermal management, battery management, and charging and discharging efficiency.



AUGUST

- Xinyuan Smart Storage won the Third Prize in the final round of the Shujing series' "Sanxingdui Cup" Clean Energy Equipment Intelligent and Green Innovation Competition, which was hosted by the World Clean Energy Equipment Conference and co-organized by the China Academy of Information and Communications Technology in conjunction with the Industrial Internet Industry Alliance and other units.

- The Operation, Maintenance and Repair Branch of China Electricity Technology Market Association announced the "2022 List of Management Results of National Fault-Free Photovoltaic Power Stations and Wind Farms", under which ten photovoltaic power stations and six wind power plants of China Power were successfully enlisted.

SEPTEMBER

- Xinyuan Smart Storage won two annual awards at the 2nd China International Energy Storage Exhibition of EESA and the 10th China International Conference on Photovoltaic, Energy Storage and Charging, including (i) the "2023 Award for Best System Integration Solution Provider" for the 1500V liquid-cooled energy storage system; and (ii) the "2023 Award for Best Grid-Side Application Scenario Innovation Project" for the 300MW/600MWh Independent Energy Storage Power Station Project (Phase I) in Yishui County, Shandong Province.

SEPTEMBER

- At the parallel forum titled "Practicing ESG Concepts and Creating First-Class Enterprises — Central Enterprise ESG Forum" of the 6th China Enterprise Forum organized by the China Social Responsibility Pioneer-100 Forum under the guidance of the Social Responsibility Bureau of the SASAC, China Power was successfully selected as one of the "100 ESG Pioneers of Central Enterprises". In addition, China Power's "Photovoltaic, Energy Storage, Direct Current and Flexibility" (PEDF) Direct Current Micro-grid Project in Zhuangshang Village of Ruicheng County, Shanxi Province, also known as the "gleaming daylight treasure box hanging over Zhuangshang Village", was selected as one of the outstanding ESG cases.

- Shenyang Energy has successfully developed the largest "Integrated Intelligent Photovoltaic-Energy Storage-Charging-and-Discharging" Bus Demonstration Station in China to realize the power supply to charging piles at bus stations by photovoltaic carports, marking the successful launch of China Power's green power transportation project in Chaoyang City.

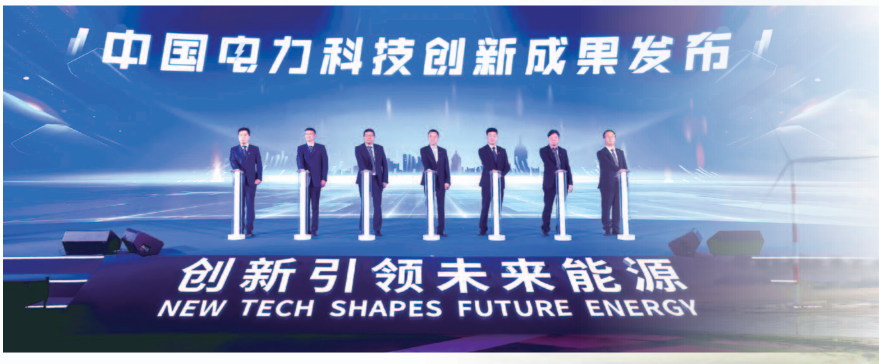
- China Power acquired clean energy assets from SPIC and its subsidiaries, SPIC Guangdong and CPCEC for a total cash consideration of approximately RMB10.7 billion, involving a total installed capacity of approximately 9,300MW. The acquisition has significantly increased the proportion of the Company's installed capacity of clean energy, marking a significant stride towards the Company's strategic development goal of transforming itself into a world-class clean and low-carbon energy provider.

OCTOBER

- China Power proudly announced six scientific and technological innovations at the Technological Innovations for Energy Security Forum and Press Conference on Technological Innovation Achievements jointly hosted by China Electricity Council and China Industry-University-Research Institute Collaboration Association, and organized by China Power, including

  (i) "Intelligent Operation Platform with Digital Twin Application in Generally Centralized Control of Energy Storage";
  (ii) "Full Color Photovoltaic Functional Material and Product Innovation and Application";
  (iii) "Special Fire Extinguishing Agent and High Security Immersion Liquid Coolant for Electrochemical Energy Storage Stations";
  (iv) "Photovoltaic, Energy Storage, Direct Current and Flexibility (PEDF) Novel Power Distribution System;
  (v) "Key Technologies and Solutions for Integration of Transportation and Energy", and
  (vi) "AI-aided Intelligent and Safe Operation and Maintenance for Energy".

  These innovations have turned a full new chapter of developing the Company into a world-class technological innovation-driven green and low-carbon energy provider. The press conference was simultaneously broadcast in form of global live online with more than 1.7 million viewers.



NOVEMBER

- The "Emergency Safe Shelters", jointly built by Xinyuan Smart Storage and Xinyuan Jinwu, the technology arms of China Power, played an active role in the post-disaster reconstruction in Fangshan, Beijing, which was recognized by General Secretary XI Jinping in an on-site field inspection. The emergency shelter integrated energy storage, photovoltaic power generation, diesel power generation, drinking water purification, satellite communications, graphene heating, material storage and other functions. With its advantages such as high degree of integration, safe and reliable, highly-functional, efficient and convenient in use, and the strength in coping with a variety of disasters, the emergency shelter has fulfilled the functions of "undisrupted power and water supply and uninterrupted communication" to safeguard the daily basic needs of the public in case of emergencies.

- CP Nongchuang's first "Belt and Road" Silk Road Pearl Project, the Xinjiang 300MW Integrated Source-Grid-Load-and-Storage Project, was successfully connected to the power grid in its first attempt. Being the first independently developed centralized husbandry and photovoltaic power complementary and integrated source-grid-load-and-storage project, it is also currently the largest single-phase project in terms of industrial investment and energy capacity.

- China Power received the "ESG Dual Carbon Pioneer" award in the "2023 Responsible Top Bull Awards" campaign hosted by Responsibility Cloud Research Institute and conducted through public solicitation, expert review and other procedures, demonstrating its ESG accomplishments.

- The "Distributed Energy Intelligent Management and Control System and Application for Battery-swap Stations of Commercial Vehicles" Project of Qiyuanxin Power was honored with the "Energy Innovation Award (First Prize)" by China Energy Research Society.

DECEMBER

- At the 28th UN Climate Change Conference (COP28), the PEDF Direct-Current Micro-grid Project of China Power in Zhuangshang Village, Ruicheng County, Shanxi Province won the "Energy Transition Changemakers" award, being one of the thirty-nine nominated projects worldwide and among the five nominated projects from the PRC.

DECEMBER

- State Power Investment (Suzhou) Shared Service Co., Ltd.* (國電投（蘇州）共享服務有限公司), a subsidiary of China Power, was recognized as one of the enterprises among the second batch of "High-and-New-Tech Enterprises" by the accreditation authority for "High-and-New-Tech Enterprises" of Jiangsu Province in 2023.

- China Power received the "Capital Market Communication Innovation Team" award at the 2023 Futubull Listed Companies Annual Awards.

- At the "8th Zhitong Finance Capital Market Annual Conference and Listed Company Award Ceremony" co-hosted by Zhitong Finance and Royal Flush Finance, both being information platform for Hong Kong and US stocks, China Power was honored with the "2023 Golden Hong Kong Stocks Award".

- Qiyuanxin Power completed the Series B equity financing of RMB1.5 billion, which signified the market recognition of its performance in the field of green power transportation. It has developed the first-of-its-kind business model for heavy-duty trucks of "truck-battery separation", i.e. the user is not required to buy batteries when purchasing the truck, but may choose to rent batteries according to its actual needs for self-use, which can in turn significantly reduce the required investment of the truck buyer.

- The project titled "Practice and Application of Special Review, Inspection and Acceptance in the Construction of New Energy Projects" of Wu Ling Power was successfully enlisted in the "2023 Outstanding Typical Cases for Equipment Management in the National Power Industry" released by China Electric Equipment Management Association.

LETTER TO SHAREHOLDERS

2023 was a year in which the Group aggressively forged ahead with its strategic transformation. With the strong support of all shareholders, we successfully made a milestone leap forward through steadfast implementation of our new strategies and overcame the difficulties for development. Our innovation vitality has been unceasingly released, while quality and efficiency being significantly enhanced. By exceling ourselves and making persistent breakthroughs in various arenas, we have turned a new page of our transformation and development.

REVIEW OF 2023

Remained steadfast in strengthening clean energy segment and exceeded the set targets. As of the end of 2023, the Group has a consolidated installed capacity of 45,018.8MW, and the proportion of installed capacity of clean energy has reached 75.39%, exceeding its new strategic goal for the current stage by 5 percentage points. During the year under review, the Group successfully acquired new energy assets of approximately 9,300MW from SPIC, further accelerating the restructuring of its energy mix. Meanwhile, a number of centralized clean energy projects were launched successively, and projects including the Hubei Macheng 300MW Multi-energy Complementary Million-kW Base and the Liaoning Chaoyang 250MW Integrated Intelligent Wind-and-Energy Storage Wind Power Project have commenced operation at full capacity or have been partly put into operation. In addition, great achievements have been made in respect of a number of representative "New Energy+" projects. Among them, the "Photovoltaic, Energy Storage, Direct Current and Flexibility" (PEDF) Project in Zhuangshang Village was granted the "Energy Transition Changemakers" award by the United Nations, while the Integrated Intelligent Energy and Rural Revitalization Project of CP Nongchuang located in Yufa Town, Daxing District, Beijing was selected as an "Intelligent Photovoltaic Pilot Demonstration Project" by the Ministry of Industry and Information Technology, fostering new insights for the application of photovoltaic technologies in the agricultural sector.

Made new strides in technological innovation and emerging energy industries. A number of companies in emerging energy industries developed in an orderly manner. In the arena of **novel energy storage**, Xinyuan Smart Storage launched a total of approximately 40 projects during the year with a total capacity of approximately 5.05GWh, ranking among the top in the industry. Xinyuan Smart Storage was honored as a "Specialized and New" enterprise in Beijing, and its self-developed Hundred-MW-level High-voltage Grid-Connected Cascade Energy Storage System was included in the list of the "First (Set of) Major Technological Equipment in the Energy Sector" of the National Energy Administration. In addition, the Hengyang Compressed Air Energy Storage Project was selected as a "Novel Energy Storage Pilot Demonstration" by the National Energy Administration and the Xinyuan Xin'an High Performance Electrolyte Project was selected as one of the "Hundred, Thousand, and Ten-Thousand Project (百千萬工程)" of Guangdong Province. In the arena of **green power transportation**, Qiyuanxin Power maintained its top position in the industry in terms of market share and number of battery-swap stations in the battery-swap heavy-duty truck market. It has also successfully completed the Series B equity financing of RMB1.5 billion during the year. In the arena of **photovoltaic colorization and recycling of components**, the full color photovoltaic functional materials of Xinyuan Jinwu have been applied to various scenarios such as transportation and energy integration, as well as construction and photovoltaic power. Currently, its production base has realized automated production and intelligent operation.

Actively fulfilled its social responsibilities and demonstrated its corporate commitment. In 2023, the Group successfully completed the tasks of guaranteeing energy supply during key periods such as the National Committee of the Chinese People's Political Consultative Conference and the National People's Congress, the FISU World University Games in Chengdu, the Asian Games Hangzhou and the summer peak season with high demand for electricity, thus ensuring national energy security. To respond to the unexpected natural disasters such as heavy rainstorms and earthquakes, we designed and built the "Emergency Safe Shelters" as temporary shelters for the disaster-stricken people, empowering the protection of people's livelihood with technological innovation. In terms of production safety, the Group has achieved the goal of "zero serious injury" throughout the year, and no ecological or environmental protection incident has occurred, which has won public recognition.

Deepened corporate reform and enhanced management more effectively. The Group continued to optimize its organizational structure to meet the needs in aspects such as ESG, green power conversion, international business and talent support. We vigorously promoted the market-oriented staff selection and appointment in a bid to attract and nurture talents for green development and technological innovation with our market-oriented remuneration and incentive mechanism. Meanwhile, we continued to promote the establishment of a young and professional management team, which has significantly improved the team's governance and operation capabilities. In respect of entrusted management and ESG governance of the Board, we have improved the relevant decision-making authority with an aim of efficiency enhancement and risk prevention. To promote ESG governance in all aspects, we have newly established the "Strategic and Sustainable Development Committee" under the Board, and formulated a framework for the sustainable development-related work so as to improve our coordination and execution mechanism for ESG-related work continuously.

OUTLOOK FOR 2024

The relatively complicated development environment will persist in 2024 with ongoing risks and challenges at home and abroad. Nonetheless, as the proactive fiscal policies, prudent monetary policies and the package of economic stabilization measures of the Central Government continue to take effect, the enthusiasm of various market entities will undoubtedly be motivated, and the fundamental upside trend of China's economy in the long run will remain unchanged. The Group will firmly implement its strategic goals and the targets under the "14th Five-Year" plan, and foster steady development by capitalizing on the opportunities from energy reform and emerging energy industries, exerting its utmost efforts in developing itself into an innovative high-tech clean energy listed company with core competitiveness.

Keeping up efforts in developing its principal business of clean energy with a focus on enhancing both quantity and quality. We will well perform in enhancing quality and efficiency of the existing projects, give full play to the synergistic advantages of our hydropower, thermal power, wind power and photovoltaic power operations, and efficiently launch market-oriented trading to further explore the value of green power. Adhering to adopting the return on investment as the standard, we will further improve the quality of new development projects, proactively promote the domestic "New Energy+" demonstration projects, and actively expand our international business layout. In addition, we will adjust the proportion of consolidated installed capacity of thermal power in an orderly manner, giving full play to the role of the thermal power segment as a "ballast stone" to lay a solid foundation for our business development.

Insisting on innovation-driven development and continuing to promote value creation in the emerging energy industries. We will unwaveringly push forward the strategy for innovation-driven development, continue to step up our investments in technological research and development ("R&D") and strenuously develop our core technologies. We will expedite the application and conversion of the results of R&D and apply the advanced technologies in actual production and daily lives to add impetus to economic development. In the arenas such as novel energy storage, full color photovoltaic power and green power transportation, we will spare no efforts in creating our differential advantages to satisfy market demands and cope with competitions in the industry. Moreover, we will actively promote the synergy and integration between the principal business of clean energy and the new segments in the emerging energy industries, at the same time strengthening the exchange and collaboration among various industry sectors, so as to build a solid foundation for industrial innovation and continue to create greater value in the arena of emerging energy industries.

Fueling development with vitality and momentum by deepening reform and enhancing management continuously. We will further strengthen the work related to the management of the capital market and market capitalization, and endeavor to promote a better and stronger growth of the Company, so as to create more value for shareholders. Meanwhile, we will actively carry out the "Actions for Deepening Reform and Enhancement" to further increase labor productivity, develop a pool of professional and skilled talents to solve the problem of structural shortage of staff. In terms of environmental and social responsibility, we will continue to enhance the comprehensive ESG governance of the Company and realize the harmony and coexistence of mankind and nature by adhering to the principle of green and sustainable operation. Furthermore, we will make proactive efforts in establishing a positive interaction mechanism with various stakeholders including shareholders, investors, partners, the government and the public to build a responsible ecological chain of operation and promote sustainable development of the economy and the society.

2024 marks the 20th anniversary of the Company's listing on the Hong Kong Stock Exchange. It is also a crucial year for the implementation of the Group's strategic transformation. With the spirit of "seize the day and wait for no time", we will make our best effort to develop China Power into a world-class innovative high-tech clean energy listed company.

Directors and Senior Management Profiles

DIRECTORS

HE Xi

- Chairman of the Board
- Executive Director
- Chairman of the Risk Management Committee
- Chairman of the Strategic and Sustainable Development Committee
- Chairman of the Executive Committee

HE Xi, born in 1965, is a senior engineer at professor level and has a master degree in power mechanical and engineering from North China Electric Power University. Mr. HE is currently the chief engineer of new energy of SPIC. He previously served as an executive director and the general manager of CPI Guangxi Nuclear Power Co., Ltd., the deputy general manager and the chief engineer of CPI Power Engineering Co., Ltd., and the chief engineer of Macun Power Plant of Hainan Zhonghai Energy Co., Ltd. He joined the Group in 2020.

GAO Ping

- Executive Director
- President (the chief executive of the Company)
- Member of the Risk Management Committee
- Member of the Strategic and Sustainable Development Committee
- Member of the Executive Committee

GAO Ping, born in 1971, is a qualified accountant and has a bachelor degree in economics majoring in accountancy from Changsha Institute of Electric Power (now known as the Changsha University of Science and Technology). Mr. GAO previously served as a director and the general manager of Jilin Electric (a company listed on the Shenzhen Stock Exchange), a deputy director of Planning and Finance Department and a deputy general manager of Analysis and Evaluation Department, a director of Accounting and Tax Management Division of SPIC, a deputy general manager and the chief financial officer of SPIC Yunnan International Power Investment Co., Ltd., and the chief of finance and tax related divisions of Wu Ling Power. He joined the Group in 2021.

ZHOU Jie

· Non-executive Director
· Member of the Strategic and Sustainable Development Committee

ZHOU Jie, born in 1969, is a senior accountant and has a bachelor degree in economics majoring in accountancy from Changsha Water Conservancy and Electric Power Normal College (now known as Changsha University of Science & Technology). Mr. ZHOU is currently a director of SPIC Yellow River Upstream Hydropower Development Co., Ltd., Qinghai Yellow River Upstream Hydropower Development Co., Ltd. and CPI Holding and is a special duty director of SPIC. He previously served as a director and the general manager of Wu Ling Power, a director of SPIC Guangdong, the deputy general manager of the Hunan Branch of SPIC and Yellow River Upstream Hydropower Development Co., Ltd., and the financial controller of CPI Xinjiang Energy and Chemical Group Co., Ltd. He joined the Group in 2021.

HUANG Qinghua

· Non-executive Director

HUANG Qinghua, born in 1972, is a chief senior economist and holds a lawyer qualification in China. She has a bachelor degree in law majoring in economic law from Southwest College of Political Science and Law (now known as Southwest University of Political Science and Law) and a master degree in law from Tsinghua University. Ms. HUANG is currently a director of SPIC Chongqing Electric Power Co., Ltd. and SPIC Guizhou Jinyuan Co., Ltd., and is a special duty director of SPIC. She previously served as the deputy general manager, the secretary of the board and the chief legal adviser of CPI Yuanda Environmental-Protection (Group) Co., Ltd. and the deputy general manager of SPIC Yuanda Environmental-Protection Co., Ltd. which is a company listed on the Shanghai Stock Exchange. She joined the Group in 2023.

LI Fang

- Independent Non-executive Director
- Chairman of the Remuneration and Nomination Committee
- Member of the Audit Committee
- Member of the Risk Management Committee
- Member of the Strategic and Sustainable Development Committee

LI Fang, born in 1962, has a bachelor degree in mechanical engineering from University of Science and Technology Beijing and a juris doctoral degree from the College of Law of Arizona State University in the United States. Mr. LI has intensive experience in legal, corporate governance and corporate finance. Mr. LI previously served as an executive director with Goldman Sachs (Asia) L.L.C. and a lawyer with Davis Polk and Wardwell LLP in the United States. He joined the Group in 2004.

YAU Ka Chi

- Independent Non-executive Director
- Chairman of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Risk Management Committee
- Member of the Strategic and Sustainable Development Committee

YAU Ka Chi, born in 1958, holds a professional diploma in company secretaryship and administration from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and is a member of the American Institute of Certified Public Accountants, Illinois CPA Society and the Hong Kong Institute of Certified Public Accountants. Mr. YAU has over 30 years of professional accounting services experience including 20 years in serving PRC-based enterprises. He had worked for Ernst & Young in its Hong Kong, Toronto and Beijing offices, with a primary focus in providing professional services in accounting and audit, initial public offering, and corporate restructuring, before retiring in September 2015. During the tenure with Ernst & Young, Mr. YAU was appointed, among others, as the professional practice director of Greater China and the assurance leader for China North Region. He joined the Group in 2016.

Mr. YAU is currently an independent non-executive director of HBM Holdings Limited. He previously served as an independent non-executive director of BetterLife Holding Limited until October 2023 and Yihai International Holding Ltd. until March 2024. The aforementioned companies are listed on the Main Board of the Hong Kong Stock Exchange.

HUI Hon Chung, Stanley

- Independent Non-executive Director
- Member of the Audit Committee
- Member of the Remuneration and Nomination Committee
- Member of the Risk Management Committee

HUI Hon Chung, Stanley, JP, born in 1950, has a bachelor degree in science from The Chinese University of Hong Kong. Mr. HUI has more than 40 years of management experience in the aviation industry, including holding various senior management positions in Cathay Pacific Airways Limited, AHK Air Hong Kong Limited, Hong Kong Dragon Airlines Limited and the Hong Kong Airport Authority. He joined the Group in 2021.

Mr. HUI is currently an independent non-executive director of Beijing Capital International Airport Co., Ltd. which is listed on the Main Board of the Hong Kong Stock Exchange. At present, he is also the President of the Hong Kong Aircraft Leasing and Aviation Finance Association and a director of the Greater Bay Airlines.

Mr. HUI was previously appointed by the HKSAR Government as a member of the Greater Pearl River Delta Business Council (for two terms), a member of the Commission on Strategic Development, a member of Aviation Development Advisory Committee, a council member of Vocational Training Council and a member of the Hong Kong Tourism Board. He also previously served as a member of the 13th session of National Committee of the Chinese People's Political Consultative Conference, a member of the General Committee of the Hong Kong General Chamber of Commerce. He was previously an independent non-executive director of Air China Limited (listed on the Hong Kong Stock Exchange) and Guangzhou Baiyun International Airport Co., Ltd (listed on the Shanghai Stock Exchange) respectively until he retired in February 2022 and February 2023. In July 2006, Mr. HUI was appointed as a Justice of the Peace by the Chief Executive of the HKSAR Government.

SENIOR MANAGEMENT

SHOU Rufeng

- Vice president
- Chief Compliance Officer
- Coordinator of the Sustainability Working Committee

SHOU Rufeng, born in 1974, is a certified public accountant in the PRC and has a bachelor degree in economics from Renmin University of China and a master degree in business administration from Cranfield University in the United Kingdom. Mr. SHOU is currently the chairman of the Supervisory Board of Shanghai Power. He previously served as the capital operations director and the general manager of Capital Markets & Investor Relations Department of the Company and CPI Holding, and the deputy general manager of CPI Holding. He participated in capital planning of the Group prior to the Company's listing in 2004 and stayed with the Group until 2019. He re-joined the Group in 2021.

TONG Yumei

- Vice president

TONG Yumei, born in 1966, is a senior political officer and has a bachelor degree in economics and management from Qinghai Branch of Central Party School of the Chinese Communist Party. Ms. TONG previously served as the secretary of Commission for Discipline Inspection and the chairman of Labour Committee of SPIC Science & Technology Research Institute Co., Ltd., the chairman of Labour Committee of the Training Center of Sinohydro Engineering Bureau 4 Co., Ltd., the head of the General Office of Labour Committee, a manager of Party-Mass Work Department and a director of Discipline Inspection and Supervision Department of SPIC Yellow River Upstream Hydropower Development Co., Ltd, and the senior manager of Party-Mass Work Department (Labour Work Committee) of SPIC. She joined the Group in 2022.

ZHAO Yonggang

· Vice president

ZHAO Yonggang, born in 1972, is a senior engineer and has a master degree in engineering project management from Changsha University of Science & Technology. Mr. ZHAO previously served as the deputy general manager of Materials and Fuel Department and the general manager of International Business Department of the Company and CPI Holding, the deputy director of Guangzhou Representative Office of CPI Holding and the general manager of China Power Hub Generation Company (Private) Limited. He participated in management of the Group's power plants prior to the Company's listing in 2004 and has been staying with the Group since then.

XU Ji

· Chief Accountant

XU Ji, born in 1978, has a master degree in accounting from Tsinghua University and a senior accountant qualification in China, and is a member of the Association of Chartered Certified Accountants. Mr. XU is currently a director of Shanghai Power. He previously served as the head of finance of the Serbia office of China Road & Bridge Corporation, the deputy manager of the Finance Department of Overseas Business of China Communications Construction Company Limited, the assistant to the general manager and the financial controller of CCCC Industrial Investment Holding Limited, and the financial controller and deputy general manager of Beijing OriginWater Technology Co., Ltd. He joined the Group in 2020.

LV Keqi

· Vice president

LV Keqi, born in 1970, is a senior engineer and has a bachelor degree in electrical engineering from Fuzhou University. Mr. LV previously served as the assistant to the President, the general manager of Production and Operation Department of the Company, the general manager of Pu'an Power Plant, China Power (Pu'an) New Energy Company Limited and China Power (Gu'an New District) Distribution and Sales Company Limited, and the deputy general manager of Liaoning Qinghe Electric Power Company Limited. He participated in management of the Group's power plants prior to the Company's listing in 2004 and has been staying with the Group since then.

YANG Qian

· Vice president

YANG Qian, born in 1977, is a senior political officer and has a bachelor's degree in economics majoring in accountancy from Beijing Institute of Technology (online education) and a master degree in software engineering from Beihang University. Ms. YANG has served as an assistant to the president of the Company, manager of the General Office of the State Nuclear Power Technology Corporation, a deputy director of the General Office of SPIC (Board Office) and a director of the General Management Department of SPIC. She joined the Group in 2021.

WANG Dongrong

· Vice president

WANG Dongrong, born in 1975, is a chief senior economist and has a bachelor degree in electrical engineering and automation from Changsha Institute of Electric Power (now known as Changsha University of Science and Technology), a bachelor degree in Chinese Language and Literature from Hunan Normal University, a master degree in Business Administration from Hunan University and University of Montreal, Canada, and a doctoral degree in Technical Economics and Management from North China Electric Power University. Mr. WANG previously served as an assistant to the president of the Company, general manager of the Strategic Planning Department (Reform Office), a director of the Expert Committee Office and a director of the Policy Research Office (Reform Office) of the Company. He joined the Group in 2007.

COMPANY SECRETARY

CHEUNG Siu Lan is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, who holds the dual designations of Chartered Secretary and Chartered Governance Professional, and is also a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Ms. CHEUNG has a bachelor degree in commerce from The University of Queensland, Australia and obtained a master degree in professional accounting and a postgraduate diploma in corporate administration from The Hong Kong Polytechnic University. She previously served as the company secretary and the group financial controller of a listed group in Hong Kong. She has extensive experience in the fields of corporate governance, corporate finance and mergers and acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

BUSINESS REVIEW

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

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

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

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

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

NATIONAL TOTAL ELECTRICITY CONSUMPTION IN CHINA

6.7%

NATIONAL POWER GENERATION

5.2%

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP

3,084,469 RMB'000

BASIC EARNINGS PER SHARE

0.22 RMB

NET ASSETS PER SHARE
(excluding non-controlling interests and other equity instruments)

3.11 RMB

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

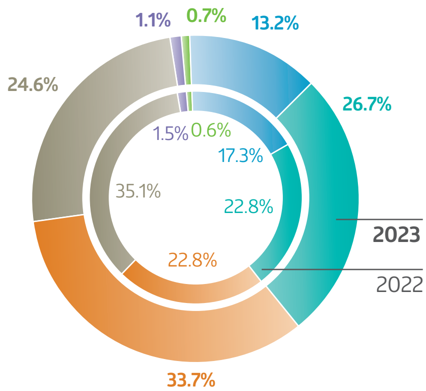
Installed Capacity

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

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

The details of consolidated installed capacity of the Group as at 31 December 2023 are set out as follows.

Type of Power Plants	**31 December 2023 MW**	31 December 2022 MW
Hydropower	**5,951.1**	5,451.1
Wind power	**12,016.1**	7,189.3
Photovoltaic Power	**15,149.4**	7,206.6
Natural Gas Power	**505.2**	475.2
Environmental Power	**317.0**	197.0
Coal-fired Power	**11,080.0**	11,080.0
Total	**45,018.8**	31,599.2



The Group's power generating units that commenced commercial operation and those that were acquired during the year are presented by type as follows:

Type of Power Plants	Consolidated Installed Capacity MW
Hydropower	500.0
Wind power	5,276.8
Photovoltaic Power	8,045.5
Natural Gas Power	30.0
Environmental Power	120.0
Total	**13,972.3**

Innovation of Energy Technology

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

Intelligent Energy Storage

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

Xinyuan Smart Storage attended Shandong Energy Storage Exhibition and attracted much attention

Colored Photovoltaic

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

Full color auto-powered photovoltaic signage

Green Power Transportation

Intelligent charging and battery-swap station

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

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

Status of Key Projects

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

Wuqiangxi Hydropower Plant Expansion Project

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

Integrated Multi-energy Complementary Project

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

Offshore Photovoltaic Projects

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

"Photovoltaic+" Power Generation Projects

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

Integrated Photovoltaic Sand Control and Husbandry Promotion Demonstration Project

Photovoltaic Sand Control Project

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

Integrated Intelligent Wind-and-Energy Storage Wind Power Project

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

CP Chaoyang 250MW Integrated Intelligent Wind-and-Energy Storage Power Generation Project

Overseas Wind Power Project

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

Cox's Bazar 66MW Wind Power Project

Photovoltaic Grid Parity Project

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

Xinrong Phase II 600MW Grid Parity Photovoltaic Power Generation Project

Husbandry and Photovoltaic Complementary Photovoltaic Power Generation Project

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

Husbandry and Photovoltaic Complementary Photovoltaic Power Generation Project

Projects under Construction

As at 31 December 2023, the consolidated installed capacity of the projects under construction was 6,975.7MW, all of which were clean energy projects and consisted of various large-scale wind power and photovoltaic power generation projects in Anhui Province, Guangdong Province, Guangxi Zhuang Autonomous Region and Shanxi Province.

New Development Projects

Currently, the total installed capacity of new projects of the Group at a preliminary development stage (including projects with applications submitted to the PRC government for approval) is approximately 16,296.5MW, most of which are clean energy projects, and are primarily located in areas with development potential, such as Shandong Province, Guangxi Zhuang Autonomous Region, Hunan Province and Shanxi Province. Such projects include the Shandong Lubei Saline-Alkali Tidal Flat Land 2,480MW Integrated "Wind-Photovoltaic-Energy Storage-and-Transmission" Base Project, the Guizhou Pu'an 1,000MW Integrated Wind-Photovoltaic-Thermal Power-and-Energy Storage Project, the Hunan Yiyang Datong Lake District 660MW Base Project, the Hunan Huaihua Base Phase II 613.4MW Project, the CP Smart Energy Kashgar Region Makit County Industrial Park Low-carbon Transformation 500MW Photovoltaic Project and other projects.

Power Generation and Electricity Sales

In 2023, the details of power generation and electricity sold by the Group are set out as follows:

POWER GENERATION

GROSS POWER GENERATION

107,582,860 MWh

Compared with 2022

4.75 %

	2023 / MWh	2022 / MWh	Changes / %
Hydropower	**11,899,963**	18,373,926	-35.23
Wind Power	**18,977,272**	11,155,405	70.12
Photovoltaic Power	**14,810,116**	9,924,832	49.22
Coal-fired Power	**58,122,560**	71,943,010	-19.21
Natural Gas Power	**2,120,567**	1,171,078	81.08
Environmental Power	**1,652,382**	374,186	341.59

ELECTRICITY SALES

TOTAL ELECTRICITY SOLD

103,239,505 MWh

Compared with 2022

4.56 %

	2023 / MWh	2022 / MWh	Changes / %
Hydropower	**11,711,094**	18,154,028	-35.49
Wind Power	**18,496,849**	10,929,956	69.23
Photovoltaic Power	**14,606,863**	9,775,268	49.43
Coal-fired Power	**54,986,785**	67,862,570	-18.97
Natural Gas Power	**2,058,859**	1,135,822	81.27
Environmental Power	**1,379,055**	313,158	340.37

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

Hydropower ↓ 35.49%

A decrease of 35.49% in electricity sold was recorded due to the consistently low level of rainfall in the river basins where the Group's hydropower plants are located in the PRC during the year.

Wind Power ↑ 69.23%

Photovoltaic Power ↑ 49.43%

Benefitting from the Clean Energy Acquisitions as well as the commencement of commercial operation of new generating units, the electricity sales of wind power and photovoltaic power recorded year-on-year increases of 69.23% and 49.43%, respectively.

Coal-fired Power ↓ 18.97%

The electricity sold decreased by 18.97% year-on-year due to the completion of the disposal of shares in two coal-fired power subsidiaries at the end of 2022 (the "Coal-fired Power Disposal"). If the effect of the Coal-fired Power Disposal was excluded, the electricity sales of coal-fired power would increase year-on-year, surpassing the growth rate of national electricity consumption.

Nature Gas Power ↑ 81.27%

Benefitting from the commencement of commercial operation of new projects in the second half of 2022 and 2023 respectively, the electricity sold increased by 81.27% year-on-year.

Environmental Power ↑ 340.37%

Benefitting from the consolidation of new projects in the second half of 2022 and 2023, respectively, the electricity sold increased by 340.37% year-on-year.

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

		2023 / MWh	2022 / MWh	Changes / %
ASSOCIATES	Wind Power	**955,874**	N/A	N/A
	Photovoltaic Power	**115,056**	107,953	6.58
	Coal-fired Power	**38,952,733**	23,455,722	66.07
JOINT VENTURES	Wind Power	**856,764**	1,426,708	-39.95
	Photovoltaic Power	**27,144**	128	21,106.25
	Coal-fired Power	**3,240,396**	2,917,577	11.06
	Total	**44,147,967**	27,908,088	58.19

Heat Sales

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

TOTAL HEAT SOLD

17,337,161 GJ

Compared with 2022

2.88%

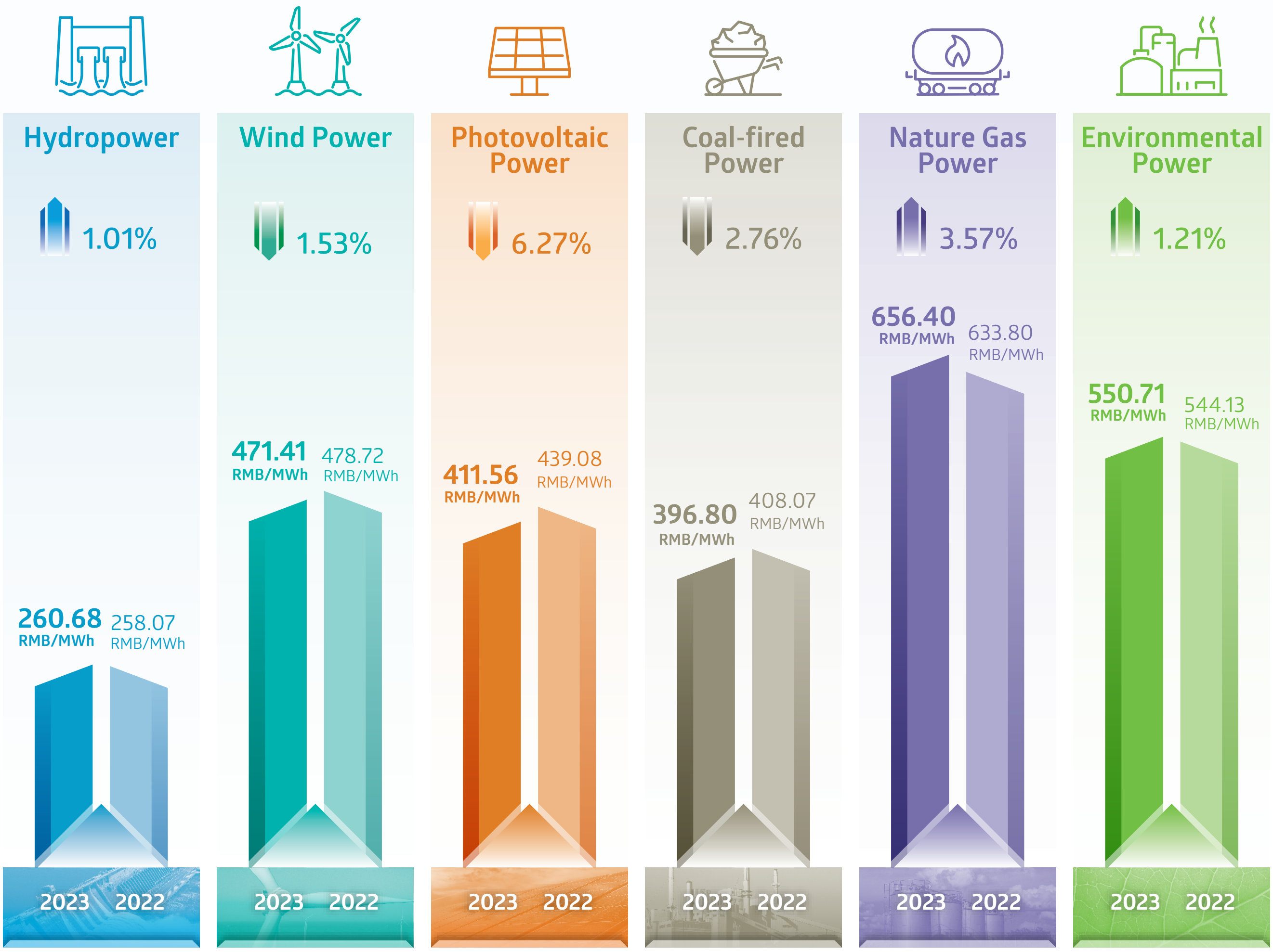
Market-Power Transactions

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

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

Average On-Grid Tariff

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



Hydropower was RMB260.68/MWh, representing an increase of RMB2.61/MWh as compared with the previous year.

Wind power was RMB471.41/MWh, representing a decrease of RMB7.31/MWh as compared with the previous year. It was mainly attributable to the commencement of operation and consolidation of grid parity wind power generation projects, and thus resulted in a lower average on-grid tariff of wind power.

Photovoltaic power was RMB411.56/MWh, representing a decrease of RMB27.52/MWh as compared with the previous year. It was mainly attributable to the commencement of operation and consolidation of grid parity photovoltaic power generation projects, and thus resulted in a lower average on-grid tariff of photovoltaic power.

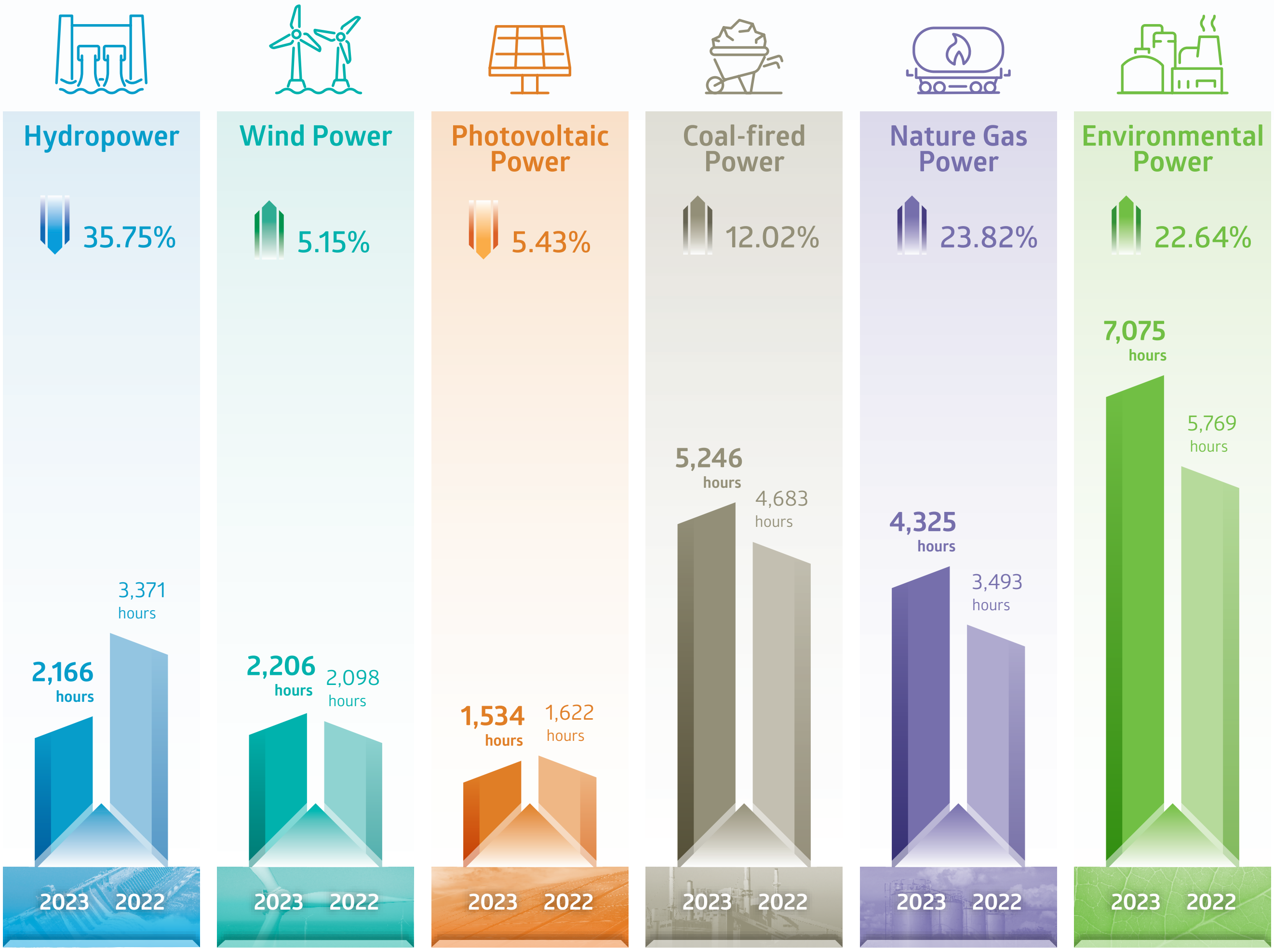
Coal-fired power was RMB396.80/MWh, representing a decrease of RMB11.27/MWh as compared with the previous year. It was mainly attributable to the structural impact resulted from the Coal-fired Power Disposal of the Group completed at the end of 2022, and the decrease in spot market price for electricity in Shanxi Province.

Natural gas power was RMB656.40/MWh, representing an increase of RMB22.60/MWh as compared with the previous year. It was mainly attributable to the increase in average selling price upon the participation of a natural gas power station of the Group in market-power transactions through the power grid company in Guangdong Province.

Environmental power was RMB550.71/MWh, representing an increase of RMB6.58/MWh as compared with the previous year. It was mainly attributable to the higher on-grid tariff of the newly operating projects this year as compared with the average on-grid tariff of the previous year.

Average Utilization Hours of Power Generating Units

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



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

The average utilization hours of wind power were 2,206 hours, representing an increase of 108 hours as compared with the previous year. It was mainly attributable to the improved availability of wind resources as compared with the previous year.

The average utilization hours of photovoltaic power were 1,534 hours, representing a decrease of 88 hours as compared with the previous year. It was mainly attributable to the decrease in solar irradiance for photovoltaic power as compared with the previous year.

The average utilization hours of coal-fired power were 5,246 hours, representing an increase of 563 hours as compared with the previous year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the year.

The average utilization hours of natural gas power were 4,325 hours, representing an increase of 832 hours as compared with the previous year. It was mainly attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the year.

The average utilization hours of environmental power were 7,075 hours, representing an increase of 1,306 hours as compared with the previous year. It was mainly attributable to the year-on-year increase in volume of waste recycled.

Energy Storage Business

Large-scale energy storage project

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

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

OPERATING RESULTS OF 2023

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

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

Segment	RMB'000	Compared with 2022
Hydropower	(826,225)	N/A
Wind Power	3,116,119	82.50%
Photovoltaic Power	1,503,868	46.91%
Thermal Power	1,315,169	N/A
Energy Storage	37,177	8.64%
Unallocated	(612,153)	N/A

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

Revenue

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

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

Segment	RMB'000	Compared with 2022
Hydropower	3,052,804	34.84% (decrease)
Wind Power	8,719,661	66.65% (increase)
Photovoltaic Power	6,011,637	40.06% (increase)
Thermal Power	23,929,482	16.28% (decrease)
Energy Storage	2,548,183	184.31% (increase)

- Revenue from hydropower decreased by RMB1,632,232,000, which was attributable to the decrease in electricity sales of hydropower during the year.

- Revenue from wind power and photovoltaic power increased by RMB5,206,731,000 in total due to the consolidation and commencement of commercial operation of various projects.

- Revenue from thermal power decreased by RMB4,653,784,000, which was attributable to the effect of the Coal-fired Power Disposal. If the effect of the Coal-fired Power Disposal was excluded, the revenue from thermal power would increase year-on-year.

- Revenue from energy storage increased by RMB1,651,923,000 as the Group consistently expanded its energy storage business in alignment with the rapid growth of the energy storage market.

Operating Costs

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

Total Fuel Costs

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

Unit Fuel Cost

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

Depreciation and Staff Costs

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

Cost of Energy Storage Equipment Sales and Subcontracting Costs

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

Other Operating Expenses

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

Other Gains and Losses, Net

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

Operating Profit

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

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Finance Costs

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

Share of Results of Associates

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

Share of Results of Joint Ventures

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

Income Tax Expense

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

Final Dividend

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

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

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

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

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

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

In September 2023, the Group entered into five equity transfer agreements with SPIC Qingneng (a special purpose vehicle ultimately controlled by the Group) and the respective target companies, pursuant to which the Group agreed to sell and the special purpose vehicle agreed to acquire the respective equity interests of the target companies for an aggregate consideration of RMB3,412,467,708. For details, please refer to the announcement of the Company dated 3 October 2023.

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

EVENT AFTER THE REPORTING PERIOD

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

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

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

CASH AND CASH EQUIVALENTS

5,738,815 RMB'000

Compared with 2022

35.73%

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

- net cash generated from operating activities amounted to RMB9,903,018,000 (2022: RMB5,725,614,000). The significant increase in cash inflow was mainly attributable to the significant year-on-year increase in operating profit.

- net cash used in investing activities amounted to RMB26,843,571,000 (2022: RMB20,075,107,000), which was mainly attributable to the cash outflow of capital expenditure on payments for property, plant and equipment, and right-of-use assets and prepayments for construction of power plants of the Group.

- net cash generated from financing activities amounted to RMB18,452,217,000 (2022: RMB16,808,458,000). The increase in net cash inflow, as compared with the previous year, was mainly attributable to the year-on-year increase in the amount of drawdown of borrowings from related parties.

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

DEBTS

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

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

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

DEBTS

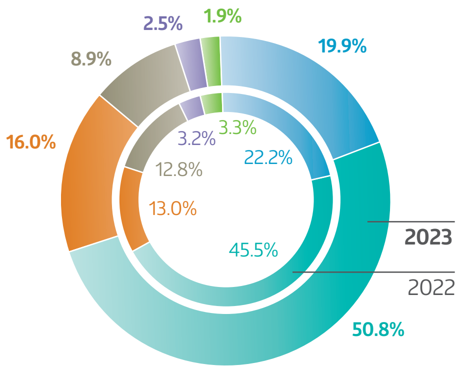
168,714,840 RMB'000

Compared with 2022

44.69%

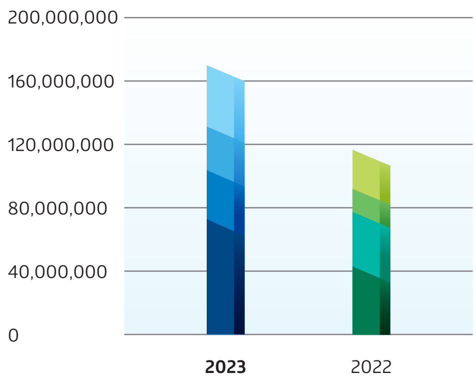
The details of the Group's debt as at 31 December 2023 and 2022 are set out as follows:

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



The above debts are repayable as follows:

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



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

ASSET IMPAIRMENT

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

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

SIGNIFICANT FINANCING

Issuance of Debt Financing Instruments

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

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

Perpetual Debt Investment Contracts

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

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

SHARE INCENTIVE SCHEME

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

CAPITAL EXPENDITURE

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

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

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

RISK MANAGEMENT

Risk management provides strong support and basic guarantee for the high-quality and sustainable development of the Group. The Group has implemented all-rounded risk management and has established a systematic and comprehensive risk management mechanism and internal control system. Furthermore, the Group has established a comprehensive risk management structure covering the governing body, the management and internal audit, which promotes risk management responsibilities to all employees and the entire business system, thereby effectively enhancing the corporate risk prevention and control capabilities and safeguarding the corporate governance in compliance with the laws in all aspects. The Group also has a Risk Management Committee and a Strategic and Sustainable Development Committee, which are accountable to the Board and assist the Board in providing leadership, direction and oversight with regard to the overall risk management and sustainable development strategy, risk appetite and tolerance and risk management framework of the Group, including risk policies, processes and controls. The Group also has an internal audit department in place for the execution and implementation of risk management measures.

FOREIGN EXCHANGE RISKS

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

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

FUNDING RISKS

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

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

Risks of Policy Changes

Impact on coal-fired power business

At the beginning of 2023, the NDRC held a special press conference on stabilization of prices, at which it was proposed that all means should be sought to stabilize the price of energy and other commodities with coal as an "anchor". It aimed to limit the market prices of coal within a reasonable range by innovating and improving the market price formation mechanism for coal, proposing a reasonable range of market prices for coal, specifying the criteria for determining price gouging behavior in the coal industry and expediting the release of advanced coal production capacity. A stable coal price would lay a solid foundation for stabilizing power tariff and energy consumption cost. This policy is conducive to stabilizing coal price, and hence will facilitate the development of the Group's coal-fired power business with a positive effect on the profitability of the thermal power segment.

In November 2023, the NDRC and the NEA issued the "Notice Concerning the Establishment of the Coal-fired Power Capacity Tariff Mechanism (《關於建立煤電容量電價機制的通知》)", which affirmed that the coal-fired power capacity tariff mechanism would be established with effect from 1 January 2024 and that the "two-part system" tariff policy would be implemented for coal-fired power. The "two-part system" affirmed that the cost recovery of coal-fired power would no longer be fully dependent on power generation, giving it the incentive and room to participate in system regulation. It is expected that the introduction of the mechanism can reduce the risk of cost diversion for coal-fired power enterprises, further enhance the flexibility of coal-fired power generating units and their supporting role in regulation, and safeguard the adequacy of power generating capacity in the mid to long term, thereby facilitating the development of new energy and the green and low-carbon transformation of energy.

Impact on energy storage business

The NEA issued the "Technical Guidelines on Planning of Developing Novel Energy Storage for Power Transmission by New Energy Bases (《新能源基地送電配置新型儲能規劃技術導則》)" in June 2023. These guidelines have been used to guide the planning of developing novel energy storage for power transmission across provinces and districts by new energy bases. It affirmed that while novel energy storage would primarily be used for peak shaving and enhancing the reliability of power transmission of bases, it would also be considered for other purposes, including modulation of system frequency and backup in case of accident, based on the needs of dispatching and operation. Serving as a reference for works related to developing novel energy storage for other types of new energy projects, these guidelines have provided a strong support for planning and developing novel energy system and accelerating the establishment of a novel power system.

In September 2023, the Central China Energy Regulatory Bureau of the NEA issued the "Implementation Rules for the Management of Power Auxiliary Services in Central China Region (《華中區域電力輔助服務管理實施細則》)" and the "Implementation Rules for the Management of Grid-connected Operation of Power in Central China Region (《華中區域電力併網運行管理實施細則》)", which specified the compensation standards for the participation of novel energy storage projects in, among others, peak shaving and frequency modulation; as such, the revenue channels for energy storage projects are expected to be broadened. On the other hand, Shandong Province and Guangdong Province have successively promulgated policies to encourage the conversion of supporting energy storage into independent energy storage, whilst independent energy storage will enter the electricity spot market by way of quantity and price quotation, which is expected to further expand the business model of energy storage.

Impact on the Electricity Spot Market

In October 2023, the Office of the NDRC and the General Affairs Department of the NEA jointly issued the "Notice on Further Accelerating the Development of the Electricity Spot Market (《關於進一步加快電力現貨市場建設工作的通知》)". On the premise of ensuring the facilitation of a safe and stable power supply, it shall realize the full coverage of the electricity spot market in an orderly manner, and explore the new modes such as "new energy + energy storage" to enter the spot market. In regions where the installed capacity of distributed new energy accounts for a relatively high proportion, it will promote the participation of the on-grid power generation capacity of distributed new energy in the market, and explore effective mechanisms for their participation in the market. Besides, new types of entities will be encouraged to participate in the electricity market. Through the market-oriented approach, time-varying price signals will be obtained, thereby promoting energy storage, virtual power plants, load aggregators and other new entities to play an active role in peak-load shifting, and optimizing the quality of power and energy.

In recent years, the Group has been actively expanding its energy storage business and participating in market-oriented trading. Benefited from the continuous optimization of various relevant domestic policies, the market has continued to grow, which is conducive to the future development of various businesses of the Group and will contribute a new source of profit growth.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

The Group set the goal of "zero fatality and zero accident" and strived to enhance the production safety management capability of its management personnel. Focusing on the two main strategies of "strengthening supervision while putting safety standards in place and reinforcing the foundation before expanding construction", the Group took a multi-pronged approach to achieve steady improvement in production safety standards. During the year under review, the Company continued to organize training seminars for environmental protection management officers, production safety officers and quality control officers, and held production safety meetings on a regular basis. In addition, it carried out the standardized development of production safety for environmentally-friendly power stations, which unified the production safety management standards of the environmentally-friendly power stations and enhanced the awareness of safety. By guiding relevant business units to "set, benchmark against, reach and create standards", the Group has created a standardized production safety system for environmentally-friendly power stations with its own characteristics. At the same time, we conducted due-diligence inspections on production safety and special environmental inspections at various power plants, and carried out spring inspection, flood control, fire prevention and other investigations and rectifications throughout the system. By adopting innovative means such as remote video surveillance, it monitored the production safety of power plants and safety management at the sites of inspection, repair and technical upgrade, which helped curb major risks and potential safety hazards at an early stage.

On-site safety inspection and maintenance

During the year under review, in response to the sprung up of various emerging energy industries and modes of energy consumption, the Group established different types of project construction (including standardized construction of new energy plants and energy storage power stations), and management systems and regulations for supervision over safety, quality and environmental protection as well as production, operation and maintenance, thereby driving the steady improvement of China Power's production safety standards in all dimensions. In order to accomplish the annual mission and target of "zero serious injury/zero fatality and zero accident" in all aspects, we have distinguished and formulated various actions and measures to insist on imposing controls at source, at the same time strengthening the foundation of essential safety, with a view to developing a foundation of safety management for the emerging energy industries and promoting the improvement of their level of production safety management.

During the year under review, the Group completed the construction of a database for the thermal power industry, thereby achieving the functions of real-time monitoring and trend analysis of the data of coal-fired power, environmental protection and combustion turbine power stations, at the same time accelerating the integration of the plant-level production real-time system (SIS), the production execution information system and the industry trend platform, and opening up the channels of information collection to support the application of the industry trend data. It has also overcome the technological barriers related to the integration and analysis of the operating data of power generating units, which would facilitate the rectification of any failure of the power generating units in a more effective manner, and prevent such failure at the front-end in advance.

During the year under review, the Group continued to improve the conditions for operation in strict compliance with the "Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》)", the "Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》)" and other laws and regulations relating to safety and hygiene. It equipped its employees with work equipment and labor protective gears in line with safety standards and arranged various training programs on safety knowledge and safety skills as well as emergency training and drills.

In order to further enhance its core competitiveness and promote sustainable development, the Group has established the "three standards" Quality, Occupational Health and Safety, and Environment (QHSE) management system in compliance with international standards, which maintained stable implementation and played a significant role in enhancing management and implementing its transformational development.

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

During the year under review, all operating power plants over which the Group has operational control complied with relevant local production safety regulations. No fines or charges were imposed on the Group due to violation of regulations.

Human Resources

The Group has placed great emphasis on the establishment of the performance appraisal, rewarding and punishment mechanism for all employees. It determines the emoluments of its directors and employees based on their respective performance, working experience, duties of the position, the remuneration system of the Company's parent company and prevailing market conditions. In addition, the Group has implemented an incentive policy that links emoluments with overall business performance.

The Company has adopted the Share Incentive Scheme in June 2022 with an objective to effectively attract, motivate and retain core backbone employees of the Company to support the Company's strategic transformation and long-term development. The Group has also attached great importance to the learning and training of employees and to the communication and exchange between employees in different positions. It has improved the professional and technical capabilities and overall competence of its employees on an ongoing basis, so as to meet the needs of its continuously expanding businesses.

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

During the year under review, all business units over which the Group has operational control complied with the local labor laws. No fines or charges were imposed on the Group due to violation of regulations.

Stakeholder Engagement

The Group has been actively responding to the local policy requirements of the places where it operates by supporting local communities in terms of green development and environmental protection, providing reliable electricity to cope with challenges arising from extreme weather such as flooding, typhoon and cold wave, and establishing sound cooperation relationship with governments, universities and enterprises in areas including energy, technology and talents development.

Climate Change

The Group recognizes the real and present danger of climate change, assumes the mission of accelerating the transformation of the power and energy industries and the development of clean energy, and actively takes actions to address climate change. In recent years, the Group further pressed ahead with clean energy development, optimized the operation of various power plants, actively carried out optimization for carbon reduction and efficiency enhancement, and continued to promote the orderly elimination of traditional coal-fired power generating units with lagging production capacity or carry out energy-saving upgrades and transformation. In addition, the Group pursued the "dual-wheel drive" strategic development model that focuses on the development of clean and low-carbon energy and emerging green energy industries, so as to fundamentally respond to the core requirements of sustainable development.

The Group pays high regards to ESG-related work and has established the Strategic and Sustainable Development Committee under the Board in April 2023 to optimize the ESG management structure of the Company and further promote the integration of ESG into the production, operation and corporate culture of the Group. During the year under review, we were ranked on the list of "Top 100 ESG Pioneer Among Listed Companies in China (中國ESG上市公司先鋒100)" and was awarded the title of "Leading Listed Company in terms of ESG Development (上市公司ESG發展的領先者)".

We adopted and followed the procedures recommended by the Task Force on Climate-related Financial Disclosures ("TCFD") so as to determine the suitable governance structure, formulate climate scenarios, identify and prioritize climate-related risks, tackle business and material risks, devise the climate action list and assess potential financial impacts. Supplemented by the adoption of the "Climate-related Risks, Opportunities and Financial Impacts" framework, we also studied the risks and opportunities posed by climate change on the Group. In order to proactively respond to the risks and opportunities relating to climate change, we compiled the "Carbon Emissions Peak Action Plan" in early 2024 to further meet the overall requirements of the "Dual Carbon Goals" and incorporate climate issues into our overall corporate strategy.

With reference to the two disclosure standards of "Sustainability Disclosure Standards of IFRS 1 — General Requirements for Disclosure of Sustainability-Related Financial Information" and "Sustainability Disclosure Standards of IFRS 2 — Climate-Related Disclosures" which were officially issued by the International Sustainability Standards Board (ISSB) in June 2023, we will continue to further improve our environmental and climate governance system based on the recommendations of the TCFD to combat climate change with our best efforts.

The Company published its latest Sustainability Report in April 2023. The report identified and analyzed its corporate climate risks in line with the "Climate-related Risks, Opportunities and Financial Impacts" framework put forward by the TCFD and highlighted the Group's efforts in maintaining sustainable growth.

Energy Saving and Emissions Reduction

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

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

In 2023, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2022: 100%), and the efficiency ratio of desulphurization reached 99.46% (2022: 99.39%); while the operational ratio of denitration facilities was 100% (2022: 100%) and the efficiency ratio of denitration reached 89.21% (2022: 89.52%). During the year under review, the environmental protection indicators for coal-fired power generating units were as follows:

EMISSION RATE OF SULPHUR DIOXIDE

0.067 g/kWh

Compared with 2022

SO_2

0.003 g/kWh

EMISSION RATE OF NITROGEN OXIDE

0.137 g/kWh

Compared with 2022

NO_x

0.006 g/kWh

EMISSION RATE OF FLUE GAS AND DUSTS

0.008 g/kWh

Same level as 2022

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

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

During the year under review, the Group closely followed the environmental protection policies and continued to carry out governance on its pollutants. Strictly implementing the requirements of various national and local environmental protection policies, the Group carried out transformations for enhancement of environmental emission standards and comprehensive governance on environmental protection. In addition, it has completed the transformation for enhancement of the flue gas purification standards of no.1 and no.2 furnaces of Bazhou Environmental and Haikou Environmental, the transformation for capacity expansion of the desulphurization system of Shangqiu Thermal Power, and the transformation projects relating to the flexibility of a total of 4 coal-fired power generating units, namely, the no.3 and no.6 generating units of Pingwei Power Plant and the no.1 and no.2 generating units of Wuhu Power Plant, to reduce the concentration of pollutant emissions in order to satisfy the local environmental protection requirements, thereby providing fundamental guarantee for China Power to implement its ESG development strategy.

During the year under review, all the power plants over which the Group has operational control complied with the relevant local environmental protection regulations. No fines or charges were imposed on the Group due to violation of regulations.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

We regard customers and suppliers as very important stakeholders. We are committed to offering high-quality services to customers and highly recognize the importance of our business relationship which is built on trust. The Group has been maintaining good communication with them and hence established effective and enduring cooperation relationship with mutual trust to understand their expectation of us more fully, so that we can join hands to achieve our sustainability goals, which lays the foundation for our long-term success. During the year ended 31 December 2023, there were no significant disputes with customers and suppliers.

Relationship with customers

The Group is an independent power producer. Because of the special nature of electricity production and sales, its major customers are regional and provincial power grid companies, power users and electricity sales companies. The Group has been maintaining long-term and good customer relationships with the power grid companies in various places where its power plants are located. During the year under review, the aggregate turnover attributable to the Group's five largest customers (local power grid companies) accounted for 56.03% of the Group's total turnover.

In 2023, adhering to the customer-centric principle, the Group strived to provide reliable and eco-friendly energy products and services, and enhanced its competitiveness through collaborations to add value to customers. Leveraging the opportunities brought by the market-oriented reform, the Group has established direct connections with power users, built market awareness with a focus on users, understood their needs, and developed and provided them with value-added services. It has also provided training for employees to continuously enhance service standards for users by fully taking care of customers' expectations and giving them our prompt response. The Group strengthened cooperation with major customers and offered low-carbon products and services with higher value. On the basis of securing the existing key customers, it continued to expand its business clientele. At the same time, the Group has actively participated in market-oriented direct electricity transactions, established and invested in electricity sales and distribution companies and electricity trading centers, expanded the user base through electricity sales companies as the platform to reach market users, and developed integrated intelligent energy and other projects.

Relationship with suppliers

The Group's major suppliers are coal production and sales enterprises, while its coal-fired power plants purchase the majority of coal from neighboring coal production enterprises primarily under long-term contracts. As procurement management is an integral part of the Group's operations, the Group has always emphasized the importance of maintaining long-term and good relationship with major suppliers in order to ensure efficient coal procurement. During the year under review, the aggregate purchases from the Group's five largest suppliers (for production materials such as coal and consumables) accounted for approximately 53.10% of the Group's total purchases. The Group will continue to explore different procurement channels to ensure the stability of coal supply and prices.

The Group strives to establish fair, just and stable mid-to-long-term strategic relationships with suppliers. Adhering to the highest ethical standards, it strictly honors the contractual agreements, respects and treats each supplier equally to achieve a win-win situation. The Group has formulated a stringent and standardized supplier selection and management system, established a supplier review team and conducted strict reviews according to the integrity, business ethics, quality assurance, punctuality of supply, price reasonableness and other criteria, and did not give priority to price. As a result, it can select more competent and reputable suppliers that are committed to sustainable development, and join hands with them to maintain a healthy and orderly market environment.

In recent years, the Group has given full play to its scale advantages of centralized procurement with the production equipment and other relevant materials procured centrally by a subsidiary, which will help to establish a stable supply chain.

The Group also incorporates concepts and requirements of social responsibilities in supplier management, and explicitly stipulates that the materials shall meet the relevant national environmental protection laws and standards while signing procurement contracts. The Group encourages suppliers to adopt the same values and principles with us, thereby preventing excessive pollutant emissions at source.

OUTLOOK FOR 2024

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

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

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

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

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

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

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

Investor Relations and Frequently Asked Questions

INVESTOR RELATIONS

The Company, the Board and management always prioritize investor relation activities and well acknowledge that investor relations is one of the key strategic management actions which could enhance mutual understanding between investors and the Company, upgrade the level of corporate governance, transparency and strategic credibility and create value for shareholders. Since the listing of the Company, we have strived to excel in investor relations work and maintain sufficient communications with investors. We are convinced that reporting to shareholders and establishing good investor relations are important responsibilities of the Board and management.

The Company has been proactively organizing and participating in various types of investor relation activities to communicate with investors regularly and share with them the strategic plans of the Company. By engaging in in-depth communications with investors regarding public information, investors can gain a comprehensive understanding of the status of production and operations of various business segments, corporate governance, dedication towards environmental protection and fulfillment of social responsibilities of the Company. The Chairman of the Board, the Directors and members of management have actively participated in a variety of investor relations activities to maintain direct communication with investors.

Furthermore, the Company places great emphasis on the feedback from investors, and ensure their feedback can reach the Board and management through effective channels, thereby allowing us to continuously improve our operations, development strategies and corporate governance, introduce potential investors and strengthen the relationship with securities analysts and fund managers so as to create greater value for shareholders.

Press Conferences for Annual and Interim Results

In March and August 2023, the Company organized press conferences immediately following the publication of its 2022 annual results and 2023 interim results, respectively. Over 300 shareholders, potential investors, securities analysts and fund managers, in aggregate, attended the press conferences. The Directors and members of management actively communicated with the participants to explain in detail the operating conditions, development strategies, corporate governance and sustainability goals of the Company and actively sought investors' support for the future development plans of the Company.

General Meetings

Last year, the annual general meeting of the Company was held on 8 June 2023 at Hong Kong Convention and Exhibition Centre and a general meeting was held on 18 August 2023 at JW Marriott Hotel Hong Kong, respectively. The Directors and members of management together with the external independent auditor attended the annual general meeting, and the Directors, members of management and the independent financial adviser attended the general meeting to answer enquiries from shareholders and investors attending the meetings in person. All ordinary resolutions proposed at the abovementioned meetings were voted and passed by the shareholders.

The annual general meeting for this year has been proposed to be held on 6 June 2024 by way of virtual meeting via online platform.

General Meeting

Press Conference

Roadshows

In 2023, we launched a number of on-site roadshows in Beijing, Shanghai, Shenzhen and Hong Kong as well as multiple online roadshows through video or telephone conference to announce the results of the Company and to promote the strategies, sustainability goals and operating achievements of the Company. The Directors, members of management and the investor relations team have participated in the roadshows to effectively communicate and exchange with investors and potential investors, thereby enhancing the good interactive relationship between the Company and investors, and effectively attracted the attention of potential investors.

In 2023, the Company met with a total of over 1,200 securities analysts and fund managers through roadshows, which promoted sufficient communications between the Company and investors effectively.

Investor Forums

In 2023, the investor relations team was invited to participate in investment summits held by domestic and overseas investment institutions to maintain close communication with investors and present the Company's strategic plans, sustainable development layout, financial performance and corporate governance capabilities to the market, and was highly recognized by the attendees.

On 8 September 2023, HE Xi, the Chairman of the Board, attended the China Galaxy Securities New Energy Forum held in Nanjing and delivered a keynote speech on "Future Direction of Clean Energy Development" to a total of nearly 300 participants comprising some 70 investment institutions, over 60 new energy-related enterprises and more than a hundred members of senior management from various enterprises, to jointly explore the future trend and opportunities for the development of the new energy industry.

Regular Meetings with Investors

The Company is pleased to communicate with every investor. Apart from attending major investor activities regularly, its management makes their best efforts to make appointments to meet with individual investors or investor groups from time to time, and arranges meetings earnestly.

Awards

In December 2023, the Company received the "2023 Golden Hong Kong Stocks Award" at the 8th Zhitong Finance Capital Market Annual Conference for its outstanding performance in terms of growth in annual results, corporate governance, return on capital and ESG.

In December 2023, the Company was honored with the "Capital Market Communication Innovation Team" award at the 2023 Futubull Listed Companies Annual Awards, fully demonstrating the high recognition of its investor relations management by the capital market.

In January 2024, the Company was selected as one of the 6th New Fortune Best IR of Hong Kong Listed Companies, which fully reflects investors' high recognition of the business development and efforts in investor relations of the Company.

Shareholders and Investors Enquiries

The contact information for shareholders and investors enquiries are set out in the section headed "Useful Information for Investors" at the end of this annual report.

FREQUENTLY ASKED QUESTIONS

1. What are the Company's development strategies?

According to the "Outline of the New Development Strategy" of the Company announced in October 2021, the Company has taken "Lower Carbon Empower Better Life" as its mission, aiming to achieve the vision of becoming a "World-class Green and Low-carbon Energy Provider". The Company will stay committed to green, innovative and high-quality development with a focus on promoting sustainable and rapid development of clean and low carbon energy such as photovoltaic power, wind power, hydropower, geothermal energy and biomass energy. Proactive efforts have been made to nurture emerging industries of green energy, including energy storage, green power transportation, colored photovoltaic and integrated intelligent energy, optimize and reduce existing coal-fired power assets comprehensively, as well as increase the proportion of clean energy installed capacity at a faster pace so as to realize the "dual wheel drive" of clean and low carbon energy and emerging industries of green energy, thereby building a new energy ecosystem to facilitate the green and low carbon transformation of the economy and the society.

2. Does the Company have any plans to acquire assets from its parent companies?

In 2023, the Company completed the acquisition of clean energy assets with a capacity of approximately 9.3GW from its parent companies so as to further implement the Company's strategy to vigorously develop clean energy and promote the continuous enhancement of its asset structure and profitability. In the future, the Company will capitalize on the support from its parent companies to continue to acquire clean energy assets and projects from independent third parties or its parent companies, as and when appropriate, and at the same time identify other quality clean energy assets and projects for development with a view to creating more value for its shareholders and to achieve the goals under its new development strategy.

3. What is the Company's dividend plan?

The Company announced its revised dividend policy in January 2019, which increased the amount of dividends from not less than 25% of the profit attributable to equity holders of the Company to not less than 50% of the profit attributable to equity holders of the Company. The Company will strictly implement the dividend policy, and determine the amount of dividends to be distributed based on actual operating performance for a given year.

4. What is the Company's view on electricity supply and demand in 2024?

In 2024, the China Electricity Council expected the national electricity consumption to grow steadily by approximately 6% year-on-year. In order to achieve the goals of "Carbon Emissions Peak and Carbon Neutrality", we will accelerate the construction of new power systems and further increase the growth rate of installed capacity and power generation capacity of clean energy, while thermal power will be facing a major transition from baseload power source to regulated power source.

5. What is the Company's view on the development of the energy storage industry?

Energy storage technology is an integral aspect for the construction of new energy-oriented novel power systems, and can be applied to all aspects of power systems including power generation, transmission and distribution. Driven by continuous innovation in energy storage technology and cost reduction, it is expected that the scale of application will continue to expand in the future, including the demand for energy storage in overseas markets, which will also continue to grow.

The Company pays high regards to the development opportunities in the energy storage industry. Apart from providing EPC services to energy storage power stations, the Company has been planning the layout in aspects such as electrochemical energy storage, compressed air energy storage and pumped storage hydropower. In the future, the Company will put increased efforts in the development of overseas markets to create new profit growth drivers. On the other hand, in order to stand out in the fiercely competitive market, the Company will differentiate its products and enhance its market competitiveness through energy storage system and operation and maintenance management services with high quality and safety.

6. What is the Company's ESG layout?

The Directors and management attach great importance to ESG and believe that ESG is of utmost importance to the future development of the Company. In terms of organizational structure, the Company has established the Strategic and Sustainable Development Committee under the Board during the year and redeployed the Sustainability Working Committee, which was formerly under the Risk Management Committee, to specifically lead the ESG development of the Company and report to the Board in a timely manner. Meanwhile, we have set up an ESG office under the Sustainability Working Committee to specialize in ESG-related work.

CORPORATE GOVERNANCE REPORT

CORPORATE STRATEGY — VISION AND MISSION

The Company's vision is to be **the world's leading green and low carbon energy provider** by 2035. Our mission and purpose is "**Lower Carbon Empower Better Life**" and in order to achieve our mission, the Board formulated the strategic plans and goals for the Company's future development aptly dubbed "**CP Vision 2035**" (中國電力願景2035).

In accordance with CP Vision 2035, the Company will stay committed to green, innovative and high-quality development with a focus on promoting sustainable and rapid development of clean and low-carbon energy such as photovoltaic power, wind power, hydropower, geothermal energy, biomass energy, etc. Proactive efforts have been made to nurture emerging industries of green energy, including energy storage, green power transportation and integrated intelligent energy, as well as to increase the proportion of clean energy installed capacity at a faster pace. We forge ahead with the "dual-wheel drive" transformation of "clean and low-carbon energy" and "emerging industries of green energy", thereby developing a new ecology of energy and serving the transition of the economy and the society towards a green and low-carbon world in full swing.

Strategic Positioning

- "Core Business Transformation": Transform from a traditional power generation enterprise into a green and low-carbon energy provider.
- "Three-in-One" Business Positioning: An enterprise that integrates the role of "clean and low-carbon energy producer, green energy technology service provider and dual-carbon ecosystem integrator".
- "Double-leading Enterprise" Growth Positioning: Progressing from a leading enterprise in China towards a leading enterprise in the world.

Strategic Pathway

- Becoming a leading green and low-carbon energy provider in China by 2025.
- Progressing towards a "**World-class Green and Low carbon Energy Provider**" by 2030.
- Becoming a "**World-class Green and Low-carbon Energy Provider**" by 2035.

CORPORATE CULTURE AND VALUES

At China Power, we pursue the core sustainable development philosophy of "**Green-empowerment, Intelligent Innovation, Mutual Achievement**". Based on the foundation of this philosophy, we advocate a corporate culture of innovation, dedication, integrity, caring, harmony and value creation. We operate our business lawfully, ethically and responsibly while actively undertake social responsibilities, and promote coordinated and sustainable development of the economy, society and environment.

We adopt a top-down approach with the Board setting the tone and infuse the ideology throughout the organization, with management at various levels responsible for communicating the Board's vision to employees at all levels, and ensure that the Board's vision is reflected in the Company's business strategies, business models and operating practices, as well as the approach to risks.

The Board holds Directors and management accountable for implementing the Company's culture and values while employees at all levels are held accountable for their actions which conflict with the Company's culture and values.

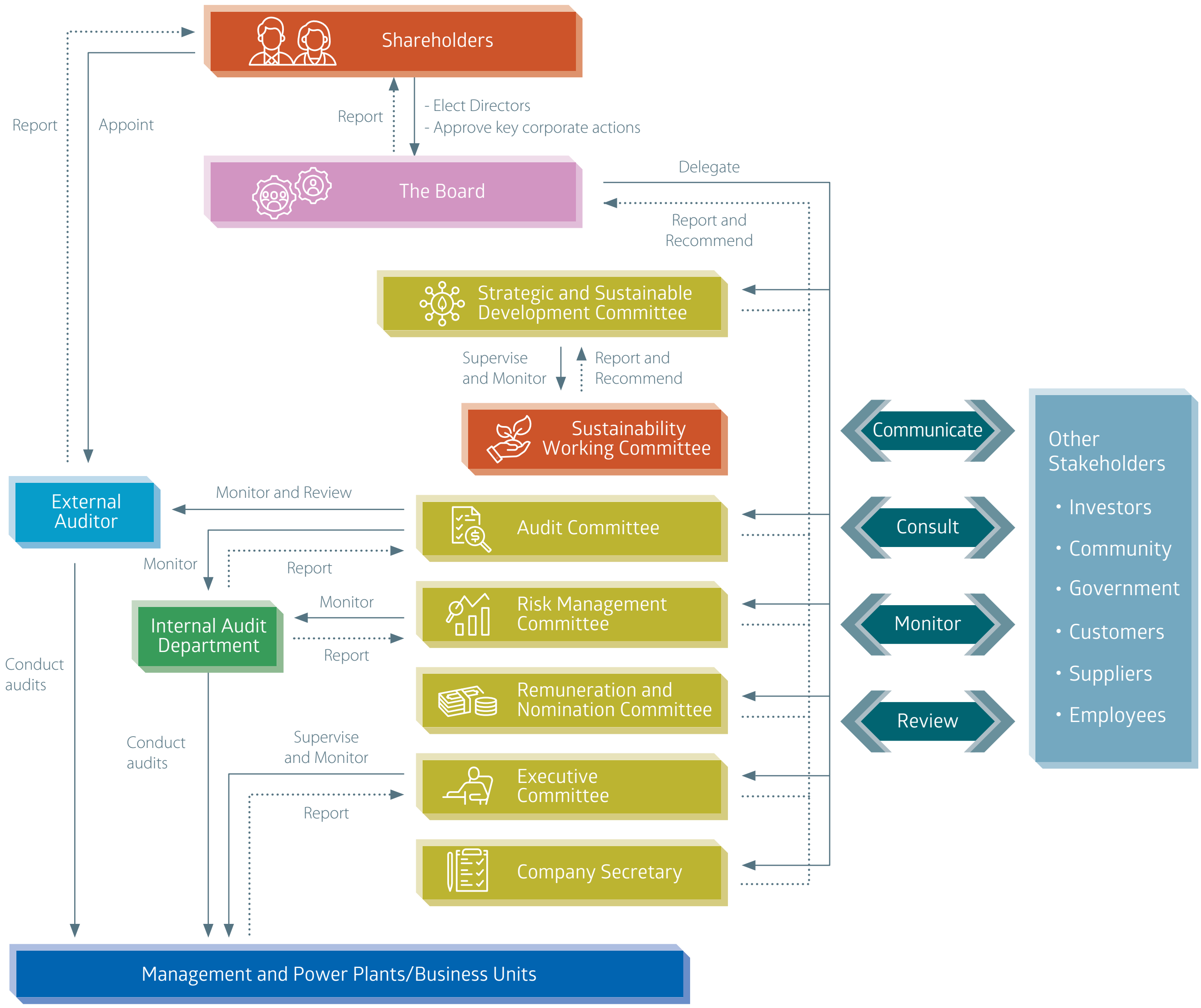
CORPORATE GOVERNANCE PRACTICES

The Board recognizes that good corporate governance is vital to the healthy and sustainable development of the Group, and the Board is committed to high standards of corporate governance. Through continuing exploration and practice, the Company has formed a standardized governance structure and formulated a comprehensive range of policies and procedures designed to ensure that it is well managed, with effective oversight and internal controls. The Board and management always follow good governance principles to manage the Group's business effectively, treat all stakeholders fairly and strive for the long-term, stable and growing return for shareholders.

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

GOVERNANCE FRAMEWORK

Set out below is our corporate governance framework:



THE BOARD

Board Composition

As at the date of this annual report, the Board comprises a total of seven Directors, as follows:

Executive Directors	Non-executive Directors	Independent non-executive Directors
Mr. HE Xi *(Chairman of the Board)*	Mr. ZHOU Jie	Mr. LI Fang
Mr. GAO Ping *(President, the chief executive of the Company)*	Ms. HUANG Qinghua	Mr. YAU Ka Chi
		Mr. HUI Hon Chung, Stanley

Profiles, roles and functions of the Directors are set out in the section headed "Directors and Senior Management Profiles" in this annual report, and the latest list of Directors and their respective role and function are also published on the websites of the Company and the Hong Kong Stock Exchange.

Board Diversity

The Company acknowledges that gender and other aspects of diversity are important drivers of the Board's effectiveness that is positively associated with the financial performance of the Company, more effective decision making and better risk management. The Board is satisfied that all present Directors are well experienced and having progressive thinking in leading the Group.

The Board adopted a "Board Diversity Policy" in August 2013 and reviewed the implementation and effectiveness of the policy annually. As to gender diversity of the Board, the initial target of appointing at least one female director was achieved in 2023, i.e. a female gender ratio of 14.3%. It is the intention of the Board to increase the female director ratio to 30% by 2030. The Remuneration and Nomination Committee has adopted measures to ensure the appropriate gender diversity mix of the Board.

In March 2023, the Remuneration and Nomination Committee and the Board approved the nomination of a female Director, Ms. HUANG Qinghua to achieve the Board's gender diversity target. With the majority of shareholders voted for her appointment, Ms. HUANG Qinghua has become a non-executive Director of the Company with effect from 8 June 2023. Following her appointment, the current Board composition reflects more proper and diverse mix of experience, gender, capabilities, skills and expertise in the following fields that are suitable for and relevant to the Company's businesses:

The Board Diversity Policy of the Company is summarized as follows:

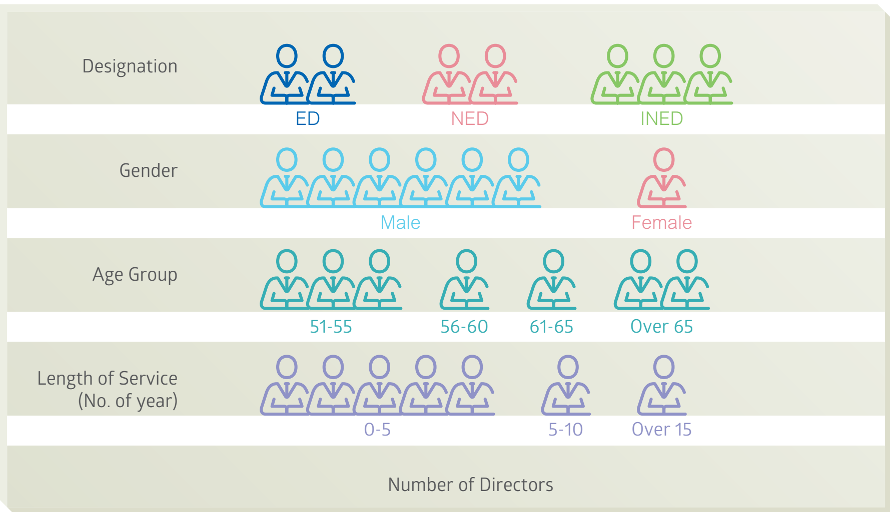
- for identifying suitably qualified candidates to become Board members, it should be based on a number of diverse aspects, including Board members with different background, skills, regional and industry experience, gender and other qualities, that are in balanced and complementary with each other, creating synergy, and enabling the Board to function effectively as a whole.

- when reviewing and assessing the composition of the Board, it should be based on the Company's own business position and management needs from time to time, considering a number of factors, including but not limited to, the above-mentioned background, skills, regional and industry experience, and other factors in order to achieve a reasonable structure that allows the Board to function efficiently.

The Board Diversity Policy is reviewed periodically to ensure it remains in-line with the Company's culture and values.

The diversity mix of the Board is summarized in the following chart:

Number of Directors



Remarks:
ED - Executive Director
NED - Non-executive Director
INED - Independent non-executive Director

Board Independence

For the year ended 31 December 2023, the non-executive Directors (including the independent non-executive Directors) form the majority of the Board. More than one-third of our Board members are independent non-executive Directors who can help the Board to make more effective independent judgment. They are able to make decisions in an objective and professional manner, and to assist the management in formulating the Company's development strategies. They ensure that the preparation of financial and other mandatory reports by the Board are compiled strictly in accordance with relevant regulations and standards in order to protect the interests of the shareholders and the Company as a whole.

Both the Audit Committee and the Remuneration and Nomination Committee comprise all independent non-executive Directors, and both committees are chaired by an independent non-executive Director. Independent non-executive Directors are entitled to directors' fees reflecting their membership of the Board committees and additional fees for attendance of meetings. None of these Directors receives remuneration based on performance of the Group, and none of them are entitled to any incentive scheme of the Group.

The Company has confirmed with each of the independent non-executive Directors if there is any subsequent change of circumstances which may affect their independence as regards to each of the factors referred to under Rule 3.13 of the Listing Rules during the year. Each of the independent non-executive Directors has provided written confirmation to the Company confirming that there has been no matter needs to be brought to the attention of the Company and the Hong Kong Stock Exchange which may affect their independence. Having regard to the confirmation as well as the actual contribution that each of the independent non-executive Directors has made, the Board concluded that each of the independent non-executive Directors to be independent.

The Company has a vigorous nomination policy for selection, appointment and re-election procedures and process for Directors. There is no relationship (including financial, business, family or other material/relevant relationship) between the board members, or between the Chairman of the Board and the President (chief executive) of the Company.

The Board has put in place a mechanism for Directors to seek additional independent professional advice in the discharge of their duties to ensure that independent views and input are available to the Board.

Board's Role

The Board is the highest decision-making and managing body of the Company. Having regard to the best interests of the Company and its shareholders, the Board provides leadership and guidance to the Group's activities. The Board, led by the Chairman, is responsible for, among other things:

- promoting the Group's long-term sustainable development and success, thus delivering value to shareholders;
- establishing and approving strategies and objectives of the Group and ensuring that they align with the Company's culture and values;
- approving and monitoring business plans for achieving the Group's objectives;
- approving major investments, mergers and acquisitions, and other material transactions;
- overseeing the Group's risk management and internal control systems;
- overseeing the Group's corporate governance arrangements;
- overseeing the Group's ESG strategies and development;
- supervising and administrating the operation and financial position of the Group;
- approving result announcements, periodic reports and other disclosures as required in accordance with applicable laws and regulations and the Listing Rules;
- approving appointment of Directors and senior management personnel; and
- promoting engagement with shareholders of the Company and other stakeholders.

Directly under the Board, there are Board committees that are specifically formed to carry out the above different functions.

Board Committees

In response to the need to further distinguish a clear line of responsibility in handling the ESG related matters at the Board level, a restructuring of the Board committees has been implemented during the year. A new Strategic and Sustainable Development Committee was set up in March 2023 to take over the roles and responsibilities on sustainability-related matters that previously performed by the Risk Management Committee. The new Strategic and Sustainable Development Committee has its written terms of reference clearly set to oversee the ESG development of the Group as a whole, monitors changes in ESG related requirements, supervises the Sustainability Working Committee, and reports regularly ESG related matters to the Board. At the same time, the Sustainability Working Committee has been reassigned as a sub-committee under the Strategic and Sustainable Development Committee.

Following the aforementioned changes, there are currently five committees under the Board, namely (1) Audit Committee, (2) Risk Management Committee, (3) Remuneration and Nomination Committee, (4) Strategic and Sustainable Development Committee, and (5) Executive Committee to implement internal supervision and control on each relevant aspects of the Group.

For further information on the Board committees and their work done in 2023, please refer to the separate reports from each of the Board committees set out in this annual report.

Board Evaluation

The Company acknowledges that regular Board performance evaluations can help building a high-performing Board, which is equipped with the necessary capabilities to anticipate, prepare for and overcome future challenges.

The Board concurs that board evaluation is useful to enhance Directors' accountability and provide valuable feedback for improving Board effectiveness, maximizing strengths, highlighting areas for further development and evaluating whether the Board is adhering to the Company's culture and values.

The Board and its committees are committed to regular evaluation of their effectiveness annually, thus to ensure that the Board and management are on the same page, and that the Board, being the prominent authority of the Company, its performance is actually leading the Company on the right track towards its long-term goals.

For 2023, the Board performance evaluation took the form of a questionnaire, which was prepared by the Company Secretary, with inputs from third party stakeholders. The content of the questionnaire will be refined from time to time to ensure that the questions are relevant to the present socioeconomic environment, as well as reflecting on issues identified in previous performance evaluations.

The questionnaire covered the following key areas:

- Role, Responsibility and Operation of the Board;
- Composition of the Board and Governance Structure;
- Function of Board committees;
- Conduct and Procedures of Board Meetings; and
- Assessment on ESG governance.

Based on the feedback from the Directors, the Board evaluation revealed that they considered and were satisfied with the Board's performance in the following aspects, including

(i) leading the Company towards meeting its strategic goals;

(ii) practices in compliance with the CG Code, the Listing Rules and other laws, rules and regulations applicable to the Company;

(iii) calling for a right mix of talent inside the Board (skills, experience, competencies and gender etc.);

(iv) functioning of the existing Board committees in assisting the Board with governance of the Company;

(v) identification, discussion, and resolution of key issues of the Group; and

(vi) integration of ESG factors into the Company's strategies, operations, investing and risks framework with guidance and oversight from the newly established Strategic and Sustainable Development Committee.

The Board evaluation also identified a number of issues that require improvement to enhance the effectiveness of the Board, including (i) the Board's understanding of the Group's key new business entities; (ii) reporting materials; and (iii) alignment of focus area between the Board and the management of newly acquired entities. As discussed with the Board, the Directors have made constructive suggestions to the management, summarized as follows:

	Findings from the evaluation	Recommendations for action
1	Improving the Board's understanding of the key new business segments or new joint ventures of the Group engaging in emerging energy industry (i.e. colored photovoltaic, energy storage, green power transportation, etc.), along with the opportunities and challenges they face.	Provide update analysis of the operations, market dynamics, and challenges faced by the key new entities within the Group. Arrange the Board to visit their key business sites and hold dialogues with the on-site management and executives to understand the operational status, risks, opportunities and gain direct insights into the emerging energy industry development.
2	Major corporate transactions and resolutions endorsed by the Board should be closely kept track of, with regular progress updates and financial analysis provided to ensure alignment with the approved resolutions. Efforts should be taken to ensure the reporting materials presented to the Board for discussion achieve a balance between thoroughness and brevity.	Management could provide in-depth analysis of the execution status or schedule periodic review meetings to discuss the progress of approved key corporate transactions and resolutions, and that they have been implemented effectively. Precise and concise reporting materials should be delivered to enable the Board to make prompt and informed decisions.
3	Greater alignment between the Board's area of focus and the priorities of the management of the newly acquired entities.	Implement a system for continuous feedback between the head office and the local management of newly acquired entities to facilitate better alignment of the priorities of the Board, the top- and local-level management.

At the same time, all independent non-executive Directors have reviewed the performance of the Chairman of the Board and were satisfied with his performance.

Taken into consideration of the above recommendations, the Directors and together with the management have committed to take appropriate actions to further improve the Board's effectiveness.

DIRECTORS' APPOINTMENT, RESPONSIBILITIES, DELEGATION AND RELEVANT PROCEEDINGS

Appointment and Rotation of Directors

In accordance with the Company's articles of association, one-third of the Directors (including non-executive Directors with fixed term of three years) shall retire from office by rotation and be re-elected by shareholders at the annual general meetings. In addition, any new appointment to the Board is subject to re-appointment by shareholders at the upcoming general meeting. Every Director (including non-executive Directors), whether or not appointed for a specific term, should be subject to retirement by rotation at least once every three years.

If an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. The documents attached to shareholders accompanying that resolution should include the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why it considers the individual to be independent. If the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; the perspectives, skills and experience that the individual can bring the Board; and how the individual contributes to diversity of the Board.

The Company has in place a Nomination Policy setting out the selection and recommendation criteria and the appropriate procedures to be adopted when considering nomination and appointment of suitable candidates for directorship to the Board. Please refer to the section headed "Nomination Policy" in the Remuneration and Nomination Committee Report in this annual report.

Directors Induction

Every newly appointed Directors will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has a proper understanding of the operations and business of the Company, and he/she is fully aware of his/her responsibilities under the Hong Kong Companies Ordinance and Common Law, the Listing Rules, the applicable rules and other regulatory requirements, and especially the governance policies of the Company.

All Directors are required to disclose to the Company their offices held in public companies or organizations and other significant commitments. Every Director should ensure that he/she can give sufficient time and attention to the Company's affairs, and make contributions to the Company that commensurate with their role and responsibilities.

All Directors have been given the "Guidelines on Directors' Duties" and "Working Guidelines for the Board" of the Company and various guides for directors published by the Hong Kong Stock Exchange and Securities and Futures Commission. The Company Secretary continuously updates and keeps the Directors apprised on the latest laws, rules and regulations regarding their duties and responsibilities.

Directors' Continuous Development

Directors' training is an ongoing process, in order to ensure that their contribution to the Board remains informed and relevant. The Company encourages all Directors to participate in appropriate training programs to develop and refresh their knowledge and skills. During the year under review, all members of the Board have provided their records of training to the Company Secretary for record. Their trainings included attending seminars, webinars and discussion forums, reading briefings and updated materials on current rules and regulations.

Directors' Securities Transactions

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors ("**Code of Conduct**"), the terms of which are not less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules. Having made specific inquiries to all Directors, all Directors confirmed that they have complied with the Code of Conduct throughout the year 2023.

Directors' Insurance

The Company has arranged appropriate insurance cover on Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

Chairman and President (chief executive)

The division of responsibilities between the Chairman and the President (chief executive) has been clearly established and set out in writing. Under C.2.1 of the CG Code, the role of the chairman and the chief executive should be separate to ensure a balance of power and authority. During the year ended 31 December 2023, the Company strictly complied with C.2.1 of the CG Code. The roles of the Chairman and the President of the Company are separate and are currently assumed by Mr. HE Xi and Mr. GAO Ping, respectively.

Chairman

The Chairman provides leadership for the Board and is responsible for ensuring that all Directors promptly receive adequate information, which must be complete and reliable, and that Directors are properly briefed on issues arising at the Board meetings. He affirms the Board is working effectively and discharging its responsibilities. He also ensures good corporate governance practices and procedures are established, and appropriate steps are taken to provide effective communication with shareholders and those views of shareholders are communicated to the Board.

The Chairman encourages all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company. He encourages Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect the Board consensus. He promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors in particular and ensuring constructive relations between executive and non-executive Directors.

President (chief executive)

The President is the chief executive of the Company who has delegated authority from and is accountable to the Board. The President is responsible for managing the Group's business, implementation of strategies, initiatives and directives set by the Board and coordinating overall business plans and budgets approved by the Board and making day-to-day operational decisions.

Delegation by the Board

The Board delegates certain management and operational functions to the Executive Committee and the management, and reviews such arrangements periodically to ensure that they remain appropriate to the Group's needs.

The management has overall responsibility for the Group's daily operations. The Board has established clear responsibilities and authorities for management to ensure daily operational efficiency. It acts within the authority approved by the Board to fulfill the day-to-day management responsibilities and makes timely decisions. With regard to matters beyond its authority, the management will report to the Executive Committee or the Board in a timely manner in accordance with the relevant working guidelines.

Conduct of Board Proceedings and Supply of and Access to Information

Throughout the year under review, arrangements were in place to ensure all Directors were given an opportunity to include matters in the agenda for regular Board meetings. Notice of at least fourteen days was given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice was also given.

Full Board or committee papers were sent to all Directors at least three days before the intended date of a Board meeting or a committee meeting. Management had supplied the Board and its committees with adequate information and explanations so as to enable them to make an informed assessment of the financial and other information put before the Board and its committees for approval. Management was also invited to join the Board or Board committee meetings where appropriate.

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

During the year under review, minutes of the Board meetings and meetings of Board committees were recorded in detail the matters considered and decisions reached at the meetings. Draft and final versions of minutes were sent to all Directors for their comments within a reasonable time after the Board or Board committee meetings were held. Minutes of the meetings are always kept by our Company Secretary, and the Board and committee members may inspect the documents and minutes of the Board and Board committees at any reasonable time by giving reasonable notice.

At all time, where necessary, the Directors can seek separate independent professional advice at the Company's expenses so as to discharge his/her duties to the Company. All the Directors are also entitled to have access to timely information in relation to our business and make further enquiries where necessary, and they have separate and independent access to senior management of the Company.

DIRECTORS' ATTENDANCE RECORD

In the year 2023, the Company held nine Board meetings, one of which was a non-executive Directors meeting and one was an independent non-executive Directors meeting.

The attendance records of the Directors at Board meetings, Board committees meetings and shareholders' meetings are as follows:

Directors	Board	Audit Committee	Risk Management Committee	Remuneration and Nomination Committee	Annual General Meeting	General Meeting
Executive Directors:						
HE Xi *(Chairman of the Board and the Risk Management Committee)*	6/7	–	2/2	–	1/1	1/1
GAO Ping *(President, chief executive)*	7/7	–	2/2	1/1[3]	1/1	0/1
Non-executive Directors:						
ZHOU Jie	8/8	–	–	1/1[3]	1/1	1/1
HUANG Qinghua[1]	5/5	–	–	–	–	1/1
Xu Zuyong[2]	3/3	–	–	1/1[3]	–	–
Independent Non-executive Directors:						
LI Fang *(Chairman of the Remuneration and Nomination Committee)*	9/9	2/2	2/2	2/2	1/1	1/1
YAU Ka Chi *(Chairman of the Audit Committee)*	9/9	2/2	2/2	2/2	1/1	1/1
HUI Hon Chung, Stanley	8/9	2/2	2/2	2/2	1/1	1/1

Notes:

(1) Ms. HUANG Qinghua was appointed as a non-executive Director with effect from 8 June 2023.

(2) Mr. XU Zuyong resigned as a non-executive Director with effect from 8 June 2023.

(3) Mr. GAO Ping, Mr. ZHOU Jie and Mr. XU Zuyong were invited to attend the Remuneration and Nomination Committee meeting.

(4) The new Strategic and Sustainable Development Committee was resolved to establish on 23 March 2023 for taking over the roles and responsibilities on sustainability-related matters that was previously performed by the Risk Management Committee. During the year under review, the Company was preparing the segregation of duties between the two Board committees, allocating the appropriate management with relevant skills to supervise the Sustainability Working Committee, and recruiting new staff to implement the necessary works. The Strategic and Sustainable Development Committee had its first committee meeting held on 16 January 2024.

EXECUTIVE COMMITTEE

The Company established the Executive Committee in 2008. As a committee under the Board, the Executive Committee conducts its work under the guidance of the Board and reports to the Board pursuant to the "Working Guidelines for the Executive Committee" approved by the Board. The chairman of the Executive Committee is served by Mr. HE Xi, the executive Director and the Chairman of the Board. The members of the committee include the executive Directors and all the vice presidents of the Company. It has been delegated with the responsibilities to ensure the effective direction and control of the business and to deliver the Group's long-term strategies and goals. It advises the Board in formulating policies in relation to the Group's business operations, monitors the performance and compliance issues of the business, and supervises the management to implement the Board resolutions.

The Executive Committee acts as a bridge for communication and connection between the Board and the management, and plays a crucial role in enhancing the quality of corporate governance as well as strengthening the management efficiency of the Group. It ensures that the Board can timely hear the voices of the operation and management staff and acts timely in respect of material operation affairs of the Group. It meets on a regular basis to review the Group's activities and discuss management and operational issues.

The Executive Committee held 28 meetings during 2023. The executive Directors, the vice presidents and the senior management of the Company attended the meetings.

COMPANY SECRETARY

Ms. CHEUNG Siu Lan, secretary of the Company, is an employee of the Company, appointed by the Board, and responsible to the Board. The Company Secretary is responsible for ensuring that the activities of the Board are conducted efficiently and effectively, and the procedures and all applicable laws and regulations are followed. She also supports and facilitates the training and professional development of Directors.

The Company Secretary reports to the Chairman and the Board, provides advice on corporate governance and corporate transactions, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules. All Directors may call upon her for advice and assistance at any time in respect to their duties and the effective operation of the Board and the Board committees.

During the year under review, Ms. CHEUNG has attended relevant professional seminars/webinars to update her skills and knowledge. She also completed the ESG Reporting Certification Course arranged by The Hong Kong Chartered Governance Institute and was awarded the said certificate in October 2023. She has complied with the Listing Rules to take no less than 15 hours of relevant professional training in a financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board recognizes the growing importance of ESG with the market, shareholders, investors and stakeholders placing increased weighting on the ESG performance of a company. In light of this trend, the Board has decided that it should be proactive in the development and oversight of the Company's ESG strategy.

The Company has established a comprehensive organizational structure for sustainable development, in which we count on the Sustainability Working Committee to carry out sustainable development matters of the Group, and to report to the Risk Management Committee in the year 2023 and now the Strategic and Sustainable Development Committee and the Board in a timely manner, thereby further promoting the Group's practices for sustainable development.

The Group conducts climate risk assessment exercise with reference to the Task Force on Climate-related Financial Disclosures, ("**TCFD**") recommendations, identifying some of the most material physical and transitional risks, their implications and corresponding mitigation measures. We have been continuously monitoring and disclosing the environmental and climate-related metrics to facilitate a transparent communication with our stakeholders.

The International Sustainability Standards Board ("**ISSB**") issued its sustainability standards on 26 June 2023, to provide investors and other stakeholders with a global baseline for corporate disclosure of climate and sustainability related information. In Hong Kong, it is expected that mandatory regulatory reporting requirements based on the ISSB reporting regime would be announced by the Hong Kong Stock Exchange soon. The Group is assessing such disclosure impact and preparing itself with the coordination of internal resources to cope with these new disclosures requirements.

During the year 2023, the Board had reviewed, discussed and approved the Sustainability Report 2022 of the Company as reported by the Risk Management Committee. The Board had ensured all new investment and acquisitions approved last year were in line with the Company's ESG strategy and ESG-related targets of the Company. The Board's statement and its engagement in relation to the ESG matters of last year are set out in the Company's Sustainability Report 2023.

For further information of our ESG strategy, governance approach, management of climate-related risks and progress towards our ESG-related targets, please refer to the full version of the **Sustainability Report 2023** of the Company as published on the websites of the Company and the Hong Kong Stock Exchange.

Sustainability Report 2023

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

Directors acknowledge their responsibility for preparing the financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Company's financial statements are prepared in accordance with the Listing Rules, Hong Kong Companies Ordinance and also the accounting principles and practices generally accepted in Hong Kong. Appropriate accounting policies are selected and applied consistently; judgments and estimates made are prudent and reasonable.

During the year 2023, all Directors have been given the latest information and briefings about the financial position, changes in the business and the development of the Group on a regular basis. "Letter to the Shareholders" from the Chairman of the Board in this annual report contains a summary of the Group's performance in this financial year and how the Group will preserve value over the long term and our strategies for delivering the Company's objectives. The Directors ensured a balanced, clear and understandable assessment of the Group's performance, position and prospects in annual reports, interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory requirements.

Risk Management and Internal Control Systems

The Board puts particular emphasis on risk management and strengthening internal control system. In respect of organizational structure, the Company has set up the Strategic and Sustainable Development Committee, the Audit Committee, the Risk Management Committee, the Remuneration and Nomination Committee and the Executive Committee, and there is also a Sustainability Working Committee under the Strategic and Sustainable Development Committee. The principles of the internal control framework of the Company are to strengthen the Company's internal monitoring and control in accordance with the requirements of the Hong Kong Stock Exchange, continuously improve the Company's corporate governance structure, build up corporate integrity culture, establish an effective control system, continuously assess the competence of the internal control system and the efficiency of the management through auditing, risk assessments and internal assessments, review identified risk exposures and ensure the effective running of the control system.

The Company has established an Internal Audit Department that has been ensuring the independence of its organization, staffing and work, which is crucial to the Company's internal controls. In order to actively create a sound internal control environment, the Internal Audit Department provides internal control assessment reports to the management on a regular as well as ad hoc basis. It also reports to the Audit Committee, the Risk Management Committee and the Board at least twice a year on internal control and risk management matters. To minimize risks faced by the Company, the Internal Audit Department evaluates and reviews the Company's internal control processes to avoid risks and provide a solid foundation for building up an effective internal control system.

The Company has also established an Audit Center with the objectives of standardizing and information-digitalizing internal audit and risk management, the Audit Center provides systematic support to the internal audit and control team, and provides relevant personnel training for the development of the Group.

The Company has comprehensive internal control systems in place, including regulations such as the "Management Regulations for Internal Control", "Rules for Management Authorization", "Management Measures for Employees' Rewards and Punishments", "Management Measures for Conflicts of Interests", "Standards for Internal Control", "Risk Management Regulations" and "Working Measures for Internal Audit".

While taking into full account the risk management framework requirements of The Committee of Sponsoring Organizations of the Treadway Commission (the "COSO"), the promoter of the National Commission on Fraudulent Financial Reporting, and risk management guidelines set out by the Hong Kong Institute of Certified Public Accountants, the internal control system of the Company also learns from the experience of outstanding management companies and takes into consideration our actual situation and business characteristics in formulating the control framework for assessing the efficiency and competence of the internal control system, which provide a reasonable assurance to ensure the effectiveness of the Company's operating activities, reliability of its financial reports and compliance of laws and regulations.

Effectiveness of Risk Management and Internal Control Systems

The Board through the Audit Committee and Risk Management Committee has reviewed the efficiency of the internal control system of the Group in aspects such as financial controls, operational controls, regulatory compliance and risk management. The head of the Internal Audit Department provides the "Annual Confirmation of the Effectiveness of the Risk Management and Internal Control Systems", which is counter-signed by the Risk Management Committee, to the Board. The Directors believe that the risk management and internal control systems are efficient and adequate, and controls the risks that might have impacts on the Company in achieving its goals effectively.

During the year under review, the Company has strictly complied with the relevant provisions of the CG Code regarding risk management and internal control. Leveraging the internal information sharing platform of the Company and the management effectiveness of the Enterprise Resource Planning ("ERP") system, the Company has driven transformation and upgrade from traditional auditing to information-digitalized auditing, thereby advancing auditing works aided with big data comprehensively.

During the year, key tasks conducted by the Internal Audit Department include the following:

- **Enhancing audit efficiency to promote high-quality development.** We refined project management throughout our entire audit process. Advanced audit planning was carried out to optimize resource allocation, enhance audit procedures, and bolster audit quality control. In our efforts to enhance the accountability system, we ensured that the right responsibilities were assigned to the right individuals and effectively reinforced the concept of corporate compliance in our operations, thereby providing a robust safeguard for the Group's high-quality development. Through these initiatives, we have effectively achieved a closed-loop management of auditing supervision. This included expanding and enhancing the utilization of audit results and strengthening the function of internal audit as a major overseer and collaborative partner.

- **Conducting various types of special internal control assessment to support strategic development.** We advanced multiple special supervision and internal control tasks in an orderly manner, including the introduction of a three-year comprehensive special internal control assessment. Tailored towards emerging energy industries, the assessment was conducted in stages with different focuses, specifically overseeing and evaluating 9 enterprises that represented our strategic development. This encompassed a special internal control assessment on the Group's emerging energy businesses, such as energy storage as well as photovoltaic full color micro-coating technologies and products, to enhance their basic management practices. Meanwhile, the Group continued to monitor key aspects such as investment management, procurement management, contract management, corporate governance and system development, with an aim to strengthen the internal control requirements during its corporate development and improve the quality of internal controls by promoting rectifications after the assessments.

- **Strengthening risk prevention capabilities and improving risk management mechanisms.** We prioritized risk identification and assessment, monitored the progression of significant risks, established a timely reporting mechanism, and regularly presented topic-specific reports to management. Subsequently, we devised mitigation strategies to ensure the successful execution of risk management activities. Training seminars were conducted for audit and internal control talents to enhance employee quality. By elevating the professional capabilities of our audit and risk control practitioners, we have further improved the quality of our auditing and risk control work. We compiled job-specific risk management manuals to promote risk management among all employees, ensuring all risks of the Group to be controllable and under control throughout the year and the risk management systems to operate effectively.

- **Integrating risk management into every stage of the investment process to enhance decision-making.** Before investing, we conducted thorough risk assessments and prepared project risk reminder letters. Meticulously analyzing the existing project risks, we provided valuable insights to relevant decision-makers to improve the quality of decision-making. At post-investment stage, we regularly monitored project risk response measures and the implementation thereof to ensure project risks to remain under our control at all times. By delving into detailed studies, summaries, and analyses, we shared investment project experiences and lessons learned to offer targeted improvement suggestions for future investment projects. Special presentations on issues identified during the investment process were delivered at the Group's annual and mid-year development meetings, fostering shared utilization and referencing across the Group and further enhancing the application of post-evaluation results.

- **Reviewing the continuing connected transactions.** The Internal Audit Department took appropriate measures to review the implementation of the Group's existing continuing connected transactions on a quarterly basis. During the year under review, each of the relevant companies of the Group had strictly monitored the agreed prices and terms of the various continuing connected transactions in the actual course of business operations, hence none of the transactions exceeded the relevant annual caps as disclosed.

Inside Information

The Company adopted its own "Inside Information Management Policy" setting out the procedures and internal controls for handling and dissemination of inside information in August 2013 with reference to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

The Company incorporated the topic on inside information into its annual internal training to its senior management regarding the continuing disclosure obligations under the Securities and Futures Ordinance and the Listing Rules.

External Auditor's Remuneration and its Related Matters

The Company appointed Ernst & Young as the Company's auditor (the "**Auditor**"). The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Auditor, and to approve the remuneration and terms of engagement of the Auditor, and any questions of its resignation or dismissal.

For the year ended 31 December 2023, the Audit Committee reviewed and monitored the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. Details of the works performed by the Audit Committee in 2023 are set out in the Audit Committee Report in this annual report.

For the year ended 31 December 2023, the fees payable by the Company to the Auditor in respect of audit services, audit related services and non-audit services provided were as follows:

	RMB'000
Audit services	7,860
Audit related services#:	10,300
Non-audit services:	
• Tax service	1,915
• Others*	2,105

They were primarily the provision of audit related services relating to the Company's major transaction for acquisition of certain clean energy project companies. Details of which are as set out in the Company's circular dated 18 August 2023.

* They were primarily the provision of advisory services relating to international accounting manual benchmarking and risk assessment.

WHISTLEBLOWING AND ANTI-CORRUPTION

Whistleblowing Policy

To ensure that the Company's culture and values are adhere to and for good corporate governance practices, in order to help detect and deter misconduct and malpractices, the Board approved the launching of the "Whistleblowing Policy" in April 2012, for employees and those who deal with the Group, including customers and suppliers, and other stakeholders to raise concerns about the practices of the Group, in a secure and confidential manner. The Internal Audit Department of the Group is tasked with handling any complaints received and deal with any improprieties in any matters related to the Group, and is responsible for reporting them to the Audit Committee, which in turn will decide whether any further action is required.

Anti-corruption Policies

The Board and management of the Company are committed to anti-corruption and ethical business practices. As such, the Company has formulated a series of anti-corruption policies since 2005 which are in compliance with the prevailing anti-corruption laws and regulations where our business operations and units are located. Anti-corruption seminars are mandatorily organized on a regular basis annually to educate our management and employees across the Group of the relevant laws and regulations and the measures the Company adopted to fight against corruption so as to foster our corporate culture of honesty and integrity.

For further information of our works done in respect of anti-corruption, please refer to the **Sustainability Report 2023** of the Company as published on the websites of the Company and the Hong Kong Stock Exchange.

ENGAGEMENT WITH WORKFORCE

The Board believes that employees are the most important resource for the sustainable development of the Company and to achieve its long-term goals, therefore, the Group has policies and mechanisms in place to ensure that the values and interests of employees align with that of the Company. Furthermore, there are channels for employees at all levels to provide feedback to management and the Board, thereby allowing the Board to be keep apprised of the expectations of employees and formulate appropriate policies to retain talented employees as well as attract talented individuals to join our Group.

Recruitment and Retention

The Group recruits fresh graduates, experienced professionals and other specialists to support its strategic development. At the same time, the Company promotes opportunities for internal career advancement for its employees. We offer competitive remuneration packages to employees at all levels and bonus tied to an employee's performance with reference to a specific set of key performance indicators (KPIs).

Staff Development

The Group is committed to the continuous development of competence and ethical behavior of all employees. This provides a win-win situation for the Group and its employees, which on one hand, furthers the professional development of employees, and on the other hand, brings value to the Group by way of having a competent workforce.

We offer a wide range of learning resources for employees to support staff learning and development. To start with, all new joiners are provided with comprehensive induction training covering various aspects, such as the Group's business, culture, values, history, corporate governance, anti-corruption, etc. Furthermore, we also offer job-specific training to employees depending on their position and job responsibilities, as well as education subsidies to eligible employees to pursue professional or academic qualifications and/or acquire job-related knowledge.

Staff Engagement Platform

The Company collaborated with Tencent Group to develop the tailor-made social communication mobile app named "Diantouyi" (電投壹) for our own staff, which allows two-way communication with fellow employees as well as management in a less formal environment. The app also features various tools which allows employees to receive news and access information of the Group, communicate with management and provide feedback, etc.

Incentive Schemes

To encourage management and employees to adhere to the Company's strategic goals, values and culture, the Board adopted various incentive schemes to award management and employees who had contributed to achieving the Company's strategic goals or had made positive impacts in promoting the Company's culture and values. Most notably, the Company adopted the Share Incentive Scheme, which was approved by shareholders of the Company at the general meeting held on 15 June 2022, the purpose of which is to award employees with outstanding contribution to the further development of the Group and align its interests with the Group by way of equity ownership in the Company. For further information of the aforementioned share incentive scheme, please refer to the section headed "Share Incentive Scheme" in the Report of the Board of Directors in this annual report.

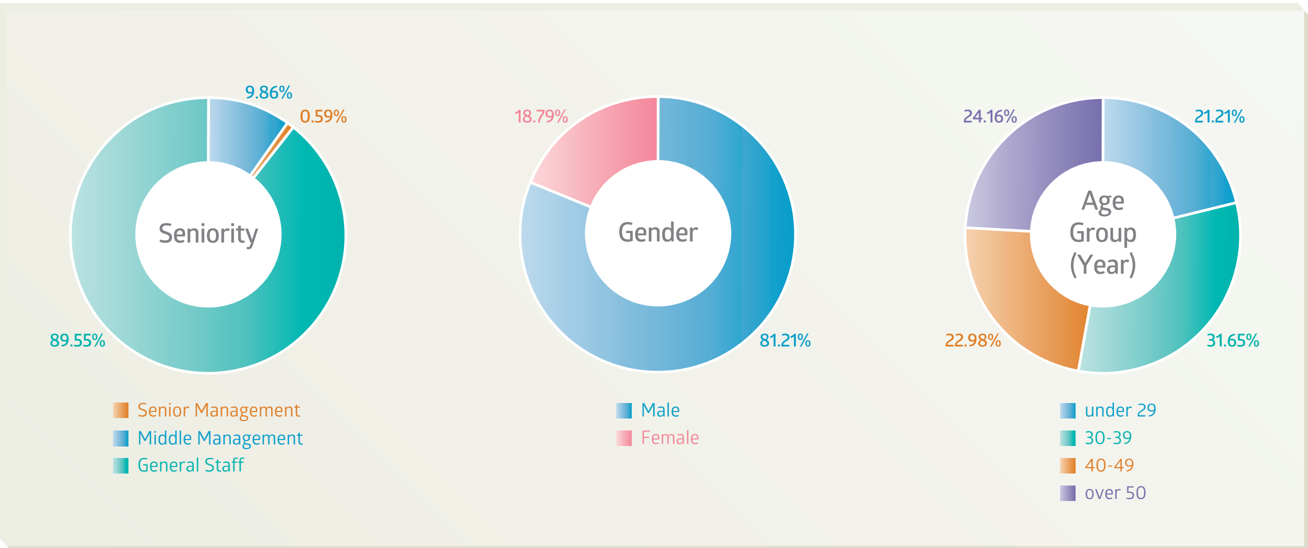
Workforce Diversity

The Board has six male directors and one female director as at 31 December 2023, the current male-to-female ratio of the Board is 6:1.

As at 31 December 2023, the Group had 14,254 employees, among which, 11,575 are male and 2,679 are female, i.e. a male-to-female ratio of approximately 8:2. Due to the inherent nature of the industry which the Group operates in, which involves intensive labour, it is historically a male dominated industry, and therefore the female employees of the Group is relatively low compared to other industries. However, if we focus on employees engaged in managerial and administrative work, including senior management and administrative executives, which is less labour intensive, the male-to-female ratio improved to approximately 7:3, reflecting a gender equality principle generally adhered by the Group.

The Company has implemented a series of policies to ensure that both male and female employees within the organization are treated equally in all aspects of their work.

The diversity mix of employees of the Group are summarized in the following chart:



More details on the Group's workforce diversity, including employees' gender ratios, are set out in the Company's Sustainability Report 2023.

ENGAGEMENT WITH SHAREHOLDERS

The Company maintains a corporate website at www.chinapower.hk where important and updated information about the Group's activities and corporate matters such as annual and interim reports, trading updates such as electricity sold of the Company, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. When announcements are made through the Hong Kong Stock Exchange, the same information is made available on the Company's website simultaneously.

Investor Relations

Apart from the annual general meeting and other general meetings held in 2023, the Board held various meetings with shareholders, investors and potential investors on other occasions to communicate with them on the Company's strategies, goals and development direction, and to allow investors to provide us with feedback on areas which they believe improvement is needed from an investor's perspective. The Board values the feedback received and designates relevant management to formulate plans for improvement.

The Company also holds regular press conferences and meetings with financial analysts and investors, during which the Company's management will directly provide relevant information and data to the media, financial analysts, fund managers and investors, as well as answer their enquiries in a prompt, complete and accurate manner. The Company's website is updated continuously, providing up-to-date information regarding every aspect of the Company to investors and the public.

The Company has a Capital Markets & Investor Relations Department, which takes charge of the Company's relationship with investors and shareholders by providing information and services to them, promptly replying to their enquiries, and maintaining channels of active and timely communication with them.

Shareholders Communication Policy

In March 2012, the Board adopted a "Shareholders Communication Policy" of the Company which aims to set out the provisions with the objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and potential investors to engage actively with the Company. Summary of the Shareholders Communication Policy is as follows:

- The Board shall maintain an on-going dialogue with shareholders and the investment community, and will regularly review this Policy to ensure its effectiveness.

- Information shall be communicated to shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), briefings for results and significant matters, and annual general meetings and other general meetings that may be convened, maintenance of communication with investment market and media, as well as making available all the Company's disclosures, corporate communications and other corporate publications on a timely manner.

The channels for the shareholders to communicate their views to the Board are set out in the section headed "Shareholders' Rights" below. The "Shareholders Communication Policy" of the Company is posted on the Company's website under the "Corporate Governance" section.

The Chairman of the Board attended and chaired the Company's annual general meeting and general meeting held on 8 June 2023 (the "**AGM**") and 6 September 2023 (the "**GM**"), together with other Directors and the external independent auditor and answered questions from shareholders and investors at meetings. All resolutions proposed were duly passed by shareholders' voting at the AGM and GM.

Based on the Company's shareholders engagement works carried out during the year, the Directors believe that the implementation of the Shareholders Communication Policy is effective and adequate. For further details, please refer to the section headed "Investor Relations and Frequently Asked Questions" in this annual report.

Dividend Policy

In January 2019, the Company has adopted a new "Dividend Policy" which aims to set out the provisions with the objective of providing stable dividends to shareholders.

The Company may declare and distribute annual cash dividends to its shareholders in an amount representing not less than 50% of the profit attributable to ordinary shareholders of the Company in any financial year, subject to the criteria set out in the Dividend Policy. In addition to cash, the dividends may be paid up in the form of the Company's shares, by the distribution of specific assets of any kind or by distribution of any form.

A decision to declare or to pay any dividends, and the amount of dividends, will be based on the recommendation of the Board after taking into consideration of, inter alia, the following factors:

(i) The financial results and financial condition of the Group;

(ii) The Group's actual and future operations and liquidity position;

(iii) The Group's expected working capital requirements, capital expenditure requirements and future expansion plans;

(iv) The Group's debt-to-equity ratio, return on equity and committed financial covenants;

(v) The retained earnings and distributable reserves of the Company and each of the members of the Group;

(vi) The general economic conditions, the national policies for energy and related industries, and other internal or external factors that may have an impact on the business or financial performance and position of the Company;

(vii) The shareholders' and the investors' expectation and industry's norm; and

(viii) Any other factors that the Board deems appropriate.

The Company shall prioritize payment of cash dividends to its shareholders. Such declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to all applicable requirements under the Hong Kong Company Ordinance and the articles of association of the Company.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene General Meeting

Shareholders are entitled to have right to request the Company to convene a general meeting pursuant to Part 12 of the Hong Kong Companies Ordinance. The procedures are as follows:

1. The Directors are required to call a general meeting if the Company has received requests to do so from the Shareholders representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

2. A request –

   (a) must state the general nature of the business to be dealt with at the general meeting; and

   (b) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting.

3. Requests may consist of several documents in like form that –

   (a) may be sent to the Company in hard copy form or in electronic form; and

   (b) must be authenticated by the person or persons making it.

4. Directors must call a general meeting with 21 days after the date on which they become subject to the requirement, and must be held on a date not more than 28 days after the date of the notice convening the general meeting.

5. If the requests received by the Company identify a resolution that may properly be moved and is intended to be moved at the general meeting, the notice of the general meeting must include notice of the resolution.

6. If the resolution is to be proposed as a special resolution, the Directors are to be regarded as not having duly called the general meeting unless the notice of the general meeting includes the text of the resolution and specifies the intention to propose the resolution as a special resolution.

Notice and Voting of General Meetings

Sufficient notice of shareholders meeting and the procedures for voting conduction will be given to the shareholders prior to every general meeting. Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions from shareholders regarding the voting procedures are answered. The poll results are posted on the respective websites of the Company and the Hong Kong Stock Exchange on the same day of the poll.

Procedures for Shareholders Sending Enquiries to the Board

Shareholders should direct their questions about their shareholdings to the Company's registrar and whose details are as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: (852) 2862 8628
Fax: (852) 2865 0990

The Company Secretary and the Capital Markets & Investor Relations Department of the Company also handle both telephone and written enquiries from shareholders from time to time. Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' questions. For shareholders and investors' enquiries, the contact information is set out in the section headed "Useful Information for Investors" in this annual report.

Other Procedures for Shareholders' Proposals

The details of the following procedures are available at the Company's website www.chinapower.hk under the "Corporate Governance" section for review.

- Procedures for shareholders making proposals at general meetings
- Procedures for shareholders to nominate a person to stand for election as a Director

Constitutional Documents

The Company's constitutional documents have been posted on the Company's website www.chinapower.hk under the "Corporate Governance" section. During the year under review, there was no change in the Company's articles of association.

Important Shareholders Dates

The important shareholders dates in the coming financial year are set out in the section headed "Useful Information for Investors" in this annual report.

Risk Management Report

RISK MANAGEMENT PHILOSOPHY

The Board acknowledges that risk management provides strong support and basic guarantee for the high-quality and sustainable development of the Group. The Board regards risk management as proactive measures for creating corporate efficiencies, and thus it vigorously promotes risk management responsibilities of the Board, management and all staff members as well as its entire business system.

The Board has established a risk management structure by adopting the "Three Lines Model" for the Group which was published and updated by the Institute of Internal Auditors (the "**IIA**"), under which the Group has integrated risk management with its strategic goals and has formed its risk management practice to be "Comprehensive, Focused, Dynamic and Continuous".

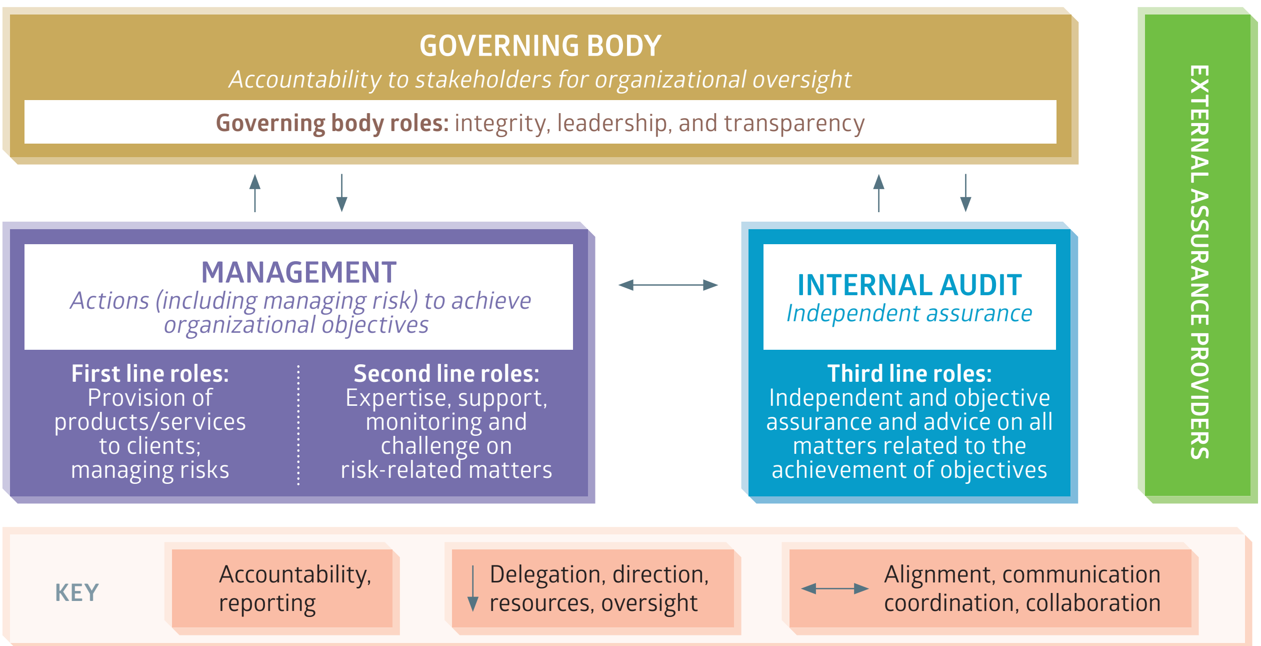
At the strategic level, the Board regularly studies and clarifies the comprehensive risk indicator system in monitoring material risks associated with the Group's businesses through the Risk Management Committee. At the operational level, the Group has also taken a dynamic approach to set up key risk checkpoints based on the internal and external changes of the Group, implemented major risk prevention in all aspects and ensured management bears their responsibilities in relation to dynamic monitoring of ongoing risk management and control during daily operating activities. The Board plays a leading role for building a "Prudent, Progressive and Responsible" risk management culture of the Group.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee is delegated by the Board with responsibilities to oversee the Group's overall risk management structure and to advise the Board on the Group's risk-related issues. The Risk Management Committee is also responsible for approving the Group's risk management policies and assessing the effectiveness of the Group's risk controls. For details of the key work performed by the Risk Management Committee during the year 2023, please refer to the "Risk Management Committee Report" set out in this annual report.

RISK MANAGEMENT FRAMEWORK

Based on the standards regarding the risk management framework of the Committee of Sponsoring Organizations of the Treadway Commission (including standards being updated from time to time) and the latest ISO31000 Risk Management Guidelines for internal control and risk management, the Group has established a risk management framework closely following the "Three Lines Model" published and updated by the IIA.



Source: The IIA's Three Lines Model — An update of the Three Lines of Defense (July 2020)

An important feature of the updated new Three Lines Model is the shift of the emphasis from value protection and risk reduction to value creation and contribution to the achievement of strategic objectives. This perspective suggests a more proactive role for risk management in identifying opportunities in emerging risks to be seized and exploited for potential future growth and for business decision-making. The Board believes the updated model will better facilitate the Group's strategic development in attaining its corporate goals.

The Three Lines Model is more principle-based with greater focus on the importance and role of governance and clarity of roles and responsibilities. It is supported through three components:

1. Governing body (the board and its sub-committees) which is responsible and accountable for the stakeholders.

2. Management (the first and second line roles) which is responsible for actions to manage risk and achieve organizational objectives.

3. Internal audit (the third line roles) which is responsible for providing independent assurance

The roles of three lines are as follows.

First line	**Business risk management** — This group provides control self-assessment during the course of business activities. Each of the operational departments and business units, as well as personnel holding the respective business position, shall be the first response unit for handling matters within their terms of reference for risk identification and management.
Second line	**Supervision and support for risk management** — This group provides the policies, framework, tools, techniques, and support to enable risk management and compliance in the first line. They include the departments responsible for the functions of internal audit, legal affairs, compliance, finance, human resources, information technology, safety and environmental protection monitoring, shall assist the front-line business departments to assume joint responsibilities for overseeing, inspecting and evaluating the effectiveness of those works relating to the implementation of risk management.
Third line	**Independent assurance** — The internal audit function that sits outside the risk management processes of the first two lines. Its main roles are to ensure that the first two lines are operating effectively and to advise on all matters relating to the achievement of objectives. The Group's Internal Audit Department and Supervision Department shall be responsible for auditing the results of the risk management works and issuing an independent audit report and supervisory report.

As a general practice, the Group as a whole, in collaboration with all business departments, continued to carry out scheduled annual major risk prevention and mitigation works and risk assessment, prevention and control for major decision-making so as to ensure the management of major risks through coordination of joint management and joint prevention, and to continuously integrate risk management awareness and concepts into the business operation. In addition, the Group's Audit Center located in Suzhou, Jiangsu Province has made use of the centralized big data to commence the standardized development of audit, risks and internal control procedures, thereby optimizing the Group's risk management network. The Group has also established a database of approved organizations providing risk assessment consultancy services for onshore investment projects to ensure prompt response to consultancy needs and to improve the quality of assessments.

RISK MANAGEMENT MECHANISMS AND PROCEDURES

Having concluded from the practical experience for a long period, the Group has developed a set of risk management mechanisms and procedures that operates steadily, which mainly comprises (i) comprehensive risk management, (ii) targeted risk management for major investment projects, and (iii) specific risk management targeting key risk areas.

(i) The procedures of comprehensive risk management are as follows：

Phase 1	**Formulating risk management policies, strategies and risk assessment standards** — The Board shall determine risk policies in respect of the Group's governance, culture and development strategies, and shall take these policies into consideration when determining its business targets. The Risk Management Committee shall be entrusted by the Board to determine the risk management strategy of the Group, while the Group's Internal Audit Department shall establish common risk assessment standards and set up the risk score sheet for the Group.
Phase 2	**Comprehensively collecting first-hand information for risk management and risk identification** — Each department/business unit shall extensively and continuously collect internal and external information in relation to risks of the Group and risk management thereof and identify potential risks that may have an impact on the key processes of their operations.
Phase 3	**Conducting risk assessment and establishing comprehensive risk management ledger** — Each department/business unit shall assess and score risks identified along with their impact on the business and the likelihood of their occurrence. All risks of the Group and its subordinated units shall be recorded in the risk management ledger.
Phase 4	**Risk follow up treatment as well as tracking and update of risk management ledger on a quarterly basis** — Based on the assessment, each department/business unit shall propose measures for monitoring and treatment of risk identified and determine the responsible person for the risk. All this information shall be fully recorded in the risk management ledger and updated on a quarterly basis to ensure risks are controllable.
Phase 5	**Risk reporting and monitoring** — Each department/business unit shall monitor their own risk mitigating works and summarize and report the comprehensive risk management condition to the Risk Management Committee bi-annually, so that it can keep abreast of the distribution and changes of comprehensive risks on a continuous basis, evaluate the effectiveness of the risk management works and recommend measures for improvement. The Risk Management Committee submits the "Risk Management Report" and the "Sustainability Report" to the Board annually. Since the Strategic and Sustainable Development Committee has taken over the responsibility of the Risk Management Committee in handling sustainability-related matters during the year, the coming Sustainability Reports will be submitted to the Board by the Strategic and Sustainable Development Committee.

(ii) The risk management procedures targeting major investment projects are as follows：

Project Initiation and Feasibility Study Stage	Business departments and all supporting departments for risk management shall conduct work such as feasibility study and due diligence for their investment projects, so as to fully identify and assess the risks of the investment projects and the risk cost thereof, and put forward strategies and measures against material risks.
Investment Decision Stage	Before making investment decisions, the relevant departments shall prepare the risk assessment report for specific projects based on the feasibility study and the due diligence report with a view to disclosing the risks of the investment project and the impact of the risk factors, and recommend preventive measures.
Construction Stage	The relevant departments shall conduct risk analysis on the conditions for commencement of construction, including analysis on compliance risks relating to aspects such as land, environment and energy conservation, technical risks relating to the construction design plan and risks relating to construction management, etc. Construction work will only be commenced after establishing feasible responsive measures and passing the compliance evaluations.
Management through closed- loop tracking	A closed-loop tracking mechanism will be implemented for the risk analysis and evaluation conclusion for each of the above stages to ensure all risks are controllable and under control.

(iii) The specific risk management procedures targeting key risk areas are as follows：

Identification and selection of key risk areas	The management shall hold regular meetings to identify new, non-traditional and typical risks arising in the course of strategic development of the Company, and commence specific risk assessment on such area.
Commencement of specific risk investigation, research and assessment	Prior to the assessment, the functional departments shall collect data, determine risk checkpoints, verify and identify risks on-site and discuss with the business management departments (brainstorming). The identified risks shall be quantified and a risk management ledger shall be established according to risk level. Responsive measures shall be formulated against such risks based on the risk strategy.
Compilation of risk assessment report and put forward management advice	The risks assessed and responsive measures thereof shall be submitted to the relevant business management department for consideration and review. The relevant business management department shall put forward management advice for responsive measures relating to high-and mid-level risks, formulate risk assessment and management report upon discussion with the functional departments, and provide guidance to the responsible business unit to commence its risk management works.
Management through closed-loop tracking	Risk checkpoints identified through the specific risk assessment shall be included in the risk management ledger. Through the integration of specific monitoring and dynamic monitoring, comprehensive tracking and prevention of risks shall be in place, and various requirements relating to risk management and control shall be incorporated into corporate management and corporate procedures.

(iv) Other regular risk management procedures

Information system security	The Group shall conduct specific risk assessments in such areas as network security, financial sharing system, and information confidentiality on an ongoing basis and put forward detailed management advice from time to time, thereby ensuring the risks are controllable and under control. Meanwhile, it shall continue to develop the information platform for compliance management. Information technology shall be used to manage the compliance review and assurance procedures for decision-making, contract execution, procurement and capital management.
Risk management responsibility appraisal	The Group shall require all business units to establish a comprehensive risk management responsibility system and fulfill their risk prevention and mitigation responsibilities. The Group shall incorporate all risk control requirements into its management and operation procedures while including risk management responsibilities as a factor in annual performance appraisal, with the aim of raising the risk prevention awareness of all business units and encouraging them to plan for and implement risk prevention measures proactively.

During 2023, focusing on the Group's strategic vision of becoming a "**World-class Green and Low-carbon Energy Provider**" and the mission of "**Lower Carbon Empower Better Life**", the Risk Management Committee, as agreed with the management and approved by the Board has identified five major risks of the Group upon risk assessments based on the changes in recent and mid- to long-term internal and external conditions, including risks relating to green transformation and innovative development, risks relating to the compatibility between operational control and management mechanisms, financial risks, market risks, and supply chain risks. Details of the relevant risks are as follows:

Description of Risks	Key Response Measures
No. 1 — Risks relating to green transformation and innovative development	
Keen competition in bidding for projects. Under the national dual carbon strategy, the competition for new energy projects with good investment returns and excellent development conditions is intense, and the government accordingly imposes higher standards and requirements on the investment strategy, execution and management capabilities of investors.	▶ Strengthen cooperation with local governments and quality strategic partners, and dedicate every effort to identify and bid for quality projects with better returns. ▶ Consolidate our advantageous position as the first-mover in the strategic emerging industries such as "technology-based, service-oriented and asset-light" industries, and increase our support and cultivation of these industries with a focus on competitive advantages by differentiation.

Description of Risks	Key Response Measures
Development of new energy business. Despite the Group's first-mover advantages in green emerging industries, namely green power transportation, energy storage and integrated intelligent energy solutions, it is still faced with various challenges such as uncertain supporting government policies, unrealized profitability, large investment in innovation and technology, rapid technology and product upgrades and shortage of professional talents.	▶ Capitalize on the marketing environment and its evolving development trends to promote the release of value of the investment in green emerging industries. ▶ Innovate development and investment modes to closely integrate market development and capital operation, and make use of financing tools such as equity financing and industrial funds. ▶ Conduct in-depth study on relevant supporting policies of national and local governments to take countermeasures in advance and capitalize on the development advantages arising therefrom. ▶ Continuously carry out product technology upgrades and innovative R&D, launch new products that meet market demand, increase investment in R&D to master core technologies. ▶ Continuously improve and develop the professional capabilities of our employees through training and incentive schemes and build a sizeable team of professionals.
Risks of core technology leakage. The self- developed core technologies are the key drivers for the Group to maintain its competitive advantage. It will weaken the Group's competitiveness in certain extent if the core technology leakage occurs.	▶ Strengthen network security and continuously improve the network security defense system. ▶ Carry out emergency drills for network security incidents to improve response capabilities to network attacks and security incidents. ▶ launch network information security training regularly
Risks of changes in industrial policies. An adjustment in government subsidies for clean energy could adversely affect the Group's production and operation.	▶ In order to attain grid parity for photovoltaic and wind power projects and narrow the cost difference between new energy production and fuel-based generation, it is crucial to consistently monitor technological upgrades throughout the market industry chain and improve our level of project management to minimize the dependence on subsidies.

Description of Risks	Key Response Measures
Quality risks of investment projects. The investment management of some subsidiaries is not stringent enough, risk assessment of individual projects are not sufficient and boundary conditions are over-optimistic. Accordingly, there exists a risk that the profitability of those projects fail to meet expectations.	▶ Carry out solid research and analysis on the boundary conditions of target projects. ▶ Make efforts to improve the depth of feasibility study and due diligence. ▶ Conduct strict audits of returns from target projects. ▶ Raise requirements for the quality of investment projects.
Risks of transformation of coal-fired power generation units. The Group undergoes a transformation towards green and low-carbon energy development. There are potential risks of being phased out for coal-fired power generation units.	▶ Analyze the national electricity pricing policies and grasp the opportunities in transformation of coal-fired power generating units to support the development of new energy business. ▶ Continue to promote the optimization of existing coal-fired power assets to increase capacity and reduce consumption to improve the operating efficiency of coal-fired generating units.
No. 2 — Risks relating to the compatibility between operational control and management mechanisms transformational development	
Organizational structure. The current organizational structure of some business units, which was derived from coal-fired power operation and management, is incompatible with the new landscape of "green and low carbon" transformational development of the Company and the management characteristics of various emerging energy industries. There are problems such as incomplete governance structure, unclear authorities and responsibilities for management and uncoordinated staffing.	▶ Timely adjust the management and control capacity and mode, specify authorities and responsibilities of management, optimize staffing and enhance incentive measures for those business units concerned. ▶ Accelerate the establishment of more sound policy and system, management structure and composite talent pool that are in line with the Company's strategic goals and are necessary and appropriate for its transformational development.

Description of Risks	Key Response Measures
Inadequate management innovation. Some members of management lack management experience in the new energy industry, and the management mode of the emerging green energy industries is still in the exploration stage. In particular, the industry policies of energy storage and rural revitalization are unclear. It is necessary to dynamically align management resources and innovate the management mode according to the development progress.	▶ Based on innovation-driven development, carry out full labor productivity benchmarking and assessment, and attract management talents in the new energy industry through the reform with market-oriented incentive mechanisms such as share incentive and project co-investment. ▶ Closely follow policy orientation, strengthen industrial policy research and establish the corresponding management and control modes according to the characteristics and needs of the new intelligent green energy business forms.
The rapid growth of the overall scale of the Group. It will pose a potential management risk to the Company if the level of management fails to be adjusted and improved accordingly.	▶ Recruit talents with international management experience to join the Group. ▶ Schedule training for employees to improve their proficiency in business management and professional skills, with the goal of nurturing talent to drive the Company's transformation and growth. ▶ Implement appropriate incentive mechanisms to retain and motivate talents through system design.
No. 3 — Financial risks	
High gearing ratio. The hydropower segment experienced financial setbacks, and the returns on certain new energy investment projects fell short of our expectations, which hinders the reduction of gearing ratio. The Group has focused on the transformation towards, and continued to expand investment in, new energy development, thus accelerating the increase of gearing ratio.	▶ Through application of management tools such as "Plan-Budget-Assessment-Incentive" (JYKJ) and "Dual Benchmark and Dual Incentive" (SDSJ) throughout the entire cycle of investment projects to enhance profitability and cash flow recovery. ▶ Increase capital injection by ways of debt-to-equity swaps, REITs and issuance of preferred shares and to bring in strategic investors.

Description of Risks	Key Response Measures
Cash flow pressure. The problem of inadequate clean energy subsidies cannot be effectively alleviated in the short term, resulting in tight cash flow and rising financial costs for clean energy companies, which limits the funding supply and investment in new projects.	▶ Actively communicate and engage with power grid companies and other customers to recover receivables from electricity sales in advance. ▶ Adapt to the clean energy subsidy recovery policies, effectively put efforts in recovery of subsidies to improve cash flow recovery. ▶ Appropriately streamline investment amount, and to bring in strategic investors through the issuance of medium- and long-term bonds.
Financial and taxation risks of overseas operations. There are certain differences in the policies, regulations, accounting and taxation systems of various countries and regions, and exchange rate fluctuations in overseas currencies will bring risks to the investment return of the projects.	▶ Strengthen the analysis and understanding of various overseas policies, regulations, accounting and taxation systems. ▶ Utilize RMB and local currency cross-currency swap financing to reduce exchange rate exposure. ▶ Recruit talents with accounting and taxation background, international perspective and are familiar with the local operations practices.
No. 4 — Market risks	
Market-oriented reform of electricity sales. The Group's major customers are regional power grid companies. As the electricity reform continues to deepen, the Group's power generating units have gradually entered the spot market for power trading. Faced with a completely different market trading model, it is anticipated that the Group will be confronted with risks of reduced market share and reduced power production quota.	▶ Effectively implement strategic cooperation with major customers, carry out in-depth cooperation in, among other things, green and low-carbon energy supply. ▶ Vigorously explore the market for small and medium-sized customers and continue to expand our market share. Increase efforts in market development and commit more personnel to give full play to the role of our platform companies engaged in electricity sales and enhance market awareness of the Group's electricity sales.

Description of Risks	Key Response Measures
Reduced price of electricity sales. As competition in the electricity trading spot market intensifies, electricity tariffs are reduced by various parties to boost sales volume, thus leading to the risk of lowered market electricity tariffs, which in turn affects revenue.	▶ Continue to conduct training to develop new energy market trading capabilities and enhance marketing personnel's understanding of the spot market to increase their abilities to cope with electricity trading in the spot market. Continue to optimize relevant systems for assistance in decision-making to enhance preciseness and efficiency.
Uncertainties in emerging green energy trading markets. The supply and demand situation in the carbon trading and green power/green certificate markets is unclear with a high degree of uncertainty. The price of green certificates is high but lacks a secondary market for trading, which results in poor liquidity.	▶ Strengthen policy research and market analysis. Pay close attention to industry and market policies to be launched and formulate countermeasures. ▶ Properly analyze the supply and demand in the power market, ancillary services, green power/green certificates and carbon trading market, and direct all business units to participate in trading.
Shortage of specialists for directing electricity trading. Staffing ratio of personnel to trading level is insufficient to meet market demand. Newly operating new energy projects also lack, to a certain extent, staff with the capability in trading of electricity, green power, green certificates and ancillary services.	▶ Strengthen the building of the marketing team, promote the accurate implementation of the three-year development plan for staffing of marketing personnel, and properly train and build up marketing personnel reserve to respond to the complicated market environment and fierce market competition.
No. 5 — Supply chain risks	
Commodity price fluctuations. With the impact of rapidly increasing prices for commodity, the situation that the successful bidder refuses to enter into contract or fails to fully perform its obligations in accordance with the contract occurs, resulting in the suspension of material supply which affects the safe operation of the power generating units.	▶ Strengthen market research and assessment, appropriately increase the amount of material reserves, expand the suppliers base, and opt to cooperate with well-qualified suppliers who have the ability to fulfill contract obligations. ▶ Enhance contractual terms, increase the penalty for suppliers' breach of contract, and proactively introduce price adjustment mechanisms to achieve risk sharing. Conduct monthly briefing on material and procurement management, and promptly identify and rectify problems.

Description of Risks	Key Response Measures
Fluctuation in construction cost of new projects. Prices of building materials, components, wind turbines accounts for the largest proportion of the power station investment. If prices were to rise significantly, it would lead to difficulties in controlling project construction costs, resulting in overbudgets, contract disputes, delays in construction schedules and delaying the return from investment.	▶ Improve construction cost, project settlement and other related systems, and improve the standard of construction cost management with assistance of external think tanks such as cost consultancy agencies and process audit units. ▶ Strengthen management and supervision over process settlement, and promptly solve issues in relation to material and equipment price increase in the course of contract performance to enhance project progress management.
Coal supply and purchase price fluctuations. Although the current coal market supply has improved, if coal prices were suddenly to rise, coupled with the social responsibility of ensuring stable power supply, the operating costs of the Group's coal-fired power business would be at risk.	▶ Increase the amount of long-term coal procurement agreements so as to give full play to the stabilizing effect of coal supply assurance under long-term agreements. ▶ Reasonably adjust the procurement structure to control and reduce procurement costs.

For details about the risks and opportunities related to climate change and the environment that pose to the Group, please refer to the Sustainability Report 2023 of the Company, which is available on the websites of the Company and the Hong Kong Stock Exchange.

MEMBERS

The members of the Audit Committee comprise entirely of independent non-executive Directors of the Board, as follows:

Chairman:	YAU Ka Chi	Independent non-executive Directors
Members:	LI Fang	Independent non-executive Directors
	HUI Hong Chung, Stanley	Independent non-executive Directors
Secretary:	CHEUNG Siu Lan	Company Secretary

For the purpose of reinforcing their independence, all members of the Audit Committee have appropriate professional qualifications, accounting or related financial management experience referred to in the Listing Rules.

DUTIES AND FUNCTIONS

The Company established the Audit Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and provisions of the CG Code. The primary duties and functions of the Audit Committee set out in its terms of reference, include, inter alia, the following:

- To communicate with the internal auditor and determine annual internal audit plans, discuss internal audit procedures with the internal auditor at least once every six months, review and monitor the internal control system, internal audit functions and effects of annual internal audit plans.

- To make proposals to the Board on the appointment, re-appointment and removal of the external auditor, review and monitor the independence, objectivity and audit effectiveness of the external auditor in accordance with the relevant standards issued by the Hong Kong Institute of Certified Public Accountants, formulate and implement the engagement policy on the provision of non-audit services by the external auditor.

- To review financial information of the Company.

- To supervise the financial reporting system and internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget.

- To conduct any inspection authorized by the Board based on its terms of reference, in that case, the committee is entitled to solicit any necessary information from any employees while who have been instructed to assist the committee to satisfy any of its requirements.

ACCOUNTABILITY

The Audit Committee is accountable to the Board. The chairman of the committee reports to the Board at Board meetings in which the annual financial results and the interim financial results are considered, which would include various key issues identified and discussed during the course of reviewing the annual financial results and the interim financial results.

TERMS OF REFERENCE

The latest version of the terms of reference of the Audit Committee was adopted on 1 January 2019 and has been posted on the websites of the Company and the Hong Kong Stock Exchange.

WORK HIGHLIGHTS 2023

The Audit Committee held two meetings during 2023 with an attendance rate of 100%. Key work performed by the Audit Committee during the year include:

- reviewed the annual financial statements and "Corporate Governance Report" for the year ended 31 December 2022 and the interim financial statements for the six months ended 30 June 2023, including the major accounting issues raised by the external auditor;
- reviewed, approved and adopted the Audit-Related and Permitted Non-Audit Services PreConcurrence Policy (the "Policy") which sets forth the guidelines and procedures for the Audit Committee with respect to the types of services being provided by the external auditor or its network firms. The Policy will better position the Audit Committee to have a more effective oversight of the independence of the external auditor;
- reviewed and approved the audit plan and audit strategy submitted by the external auditor for the year ended 31 December 2023;
- reviewed the internal control reports prepared by the Company's Internal Audit Department relating to the Company's internal audit plan, internal control system and risk management procedures;
- reviewed the continuing connected transactions of the Company;
- considered and approved the terms of engagement and remuneration of the external auditor for its provision of audit, audit related and permitted non-audit related services; and
- reviewed the internal and independent audit results and discussed matters relating to audit, internal control system and financial reporting, including the adequacy of resources, staff qualifications and experience of the Company's accounting, internal audit and financial reporting functions, together with the senior management, internal and external auditors of the Company.

REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The Audit Committee have reviewed the continuing connected transactions entered by the Group during the year 2023 (as set out in the following schedule annexed to this report) and confirmed that the transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms and no less favourable than those available to or from independent third parties; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The external Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised)"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules.

Save as disclosed, no contracts of significance to which the Company, its subsidiaries, its holding companies, associates or joint ventures was a party subsisted at any time during the year or at the end of the year.

RELATED PARTIES TRANSACTIONS

During the year 2023, those related party transactions listed under Note 49 to the Consolidated Financial Statements which were connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules include:

- (a)(iii) Income from provision of other services (entrusted management services) to CPI Holding and companies controlled by SPIC
- (a)(iii) Sales of energy storage equipment to companies controlled by SPIC
- (b)(i) Purchase of coal, coal by-products and spare parts from companies controlled by SPIC and non-controlling shareholders
- (b)(ii) Construction costs and other services fees to companies controlled by SPIC and non-controlling shareholders

The Company has complied with the disclosure requirements in accordance with the relevant Listing Rules.

LOOKING FORWARD TO 2024

With the Group's rapid expansion of its clean energy business like the completion of the major acquisition of the clean energy project companies located in various provinces in the PRC in October 2023, increasing focus on investment in the new energy sector like energy storage, the intensifying demands for higher quality ESG disclosures, the ever evolving financial reporting presentation and disclosure requirements, the exploration of the use of generative artificial intelligence in various business processes as well as the increasing compliance-expectation from regulatory institutions, the Audit Committee anticipates an array of challenges to the Group's corporate governance structure, enterprise risk management system as well as its financial reporting process and operating environment in the years ahead. The Audit Committee will continue to serve its primary purpose in overseeing financial reporting and internal control functions of the Group, with special emphasis on the newly acquired companies and the new energy sector.

YAU Ka Chi
Chairman, Audit Committee

Hong Kong, 19 March 2024

CONNECTED TRANSACTIONS ENTERED BY THE GROUP

Connected Transactions

Transaction Date	Party within the Group	Connected Party of the Group	The Agreement/ Transaction	Consideration (RMB)
(A) Acquisitions				
26 July 2023	The Company (as the Purchaser)	SPIC (as the Seller)	Acquisition of Equity Interest I in the Target Companies I	8,811,044,100
26 July 2023	The Company (as the Purchaser)	SPIC Guangdong; and CPCEC (as the Sellers, representing subsidiaries of SPIC)	Acquisition of Equity Interest II in the Target Company II	1,974,016,700
(B) Transfer of Equity Interests in Subsidiaries				
29 September 2023	SPIC Qingneng (as the SPV or the Transferee)	CPINE (as the Transferor, an indirect subsidiary of SPIC)	Transfer 26.6951% equity interest in Jiuquan Third Wind Power	1,033,853,076
(C) Sales of Carbon Emission Allowances				
30 October 2023	Pingwei III Power Plant (as the Seller)	(i) Nayong Power Plant; (ii) Qianbei Power Plant; (iii) Chayuan Company; and (iv) Taiyuan Company; (each individually the "Purchaser" or collectively the "Purchasers", representing the associates or subsidiaries of SPIC)	Sale of Carbon Emission Allowances	145,614,560 in aggregate
(D) Formation of a Limited Partnership				
8 December 2023	CP Guorui (as the Limited Partner)	(i) SPIC Industrial Fund (as the General Partner and Executive Partner, an indirect subsidiary of SPIC); and (ii) SPIC Three New Industries Funds (as the Limited Partner, a subsidiary of SPIC)	Partnership Agreement	600,000,000

Nature, Purpose and Description of the Transaction

The Company agreed to acquire, and SPIC agreed to sell 55.15% equity interest in Beijing Company, 100% equity interest in Fujian Company, Heilongjiang Company and Shanxi Company (the "Equity Interests I") (the "Target Companies I").

The consideration was arrived at after arm's length negotiations between the Company and SPIC and was based on (i) the appraised value set out in the Asset Appraisal Reports in respect of the Target Companies I; and (ii) the percentage of equity interest in Target Companies I to be acquired by the Company. The consideration was subject to adjustment of not more than RMB400,000,000 in total.

The Company agreed to acquire, and SPIC Guangdong and CPCEC agreed to sell 100% equity interest in Jieyang Company (the "Equity Interests II") (the "Target Company II").

The consideration was arrived at after arm's length negotiations between the Company, SPIC Guangdong and CPCEC and was primarily based on the appraised value set out in the Asset Appraisal Reports in respect of Target Company II.

CPINE agreed to sell and the SPV agreed to acquire 26.6951% equity interest in Jiuquan Third Wind Power.

The consideration was determined by the parties after arm's length negotiations with reference to (i) the appraised value of Jiuquan Third Wind Power according to its Valuation Report as at the Valuation Date; and (ii) the percentage of the Jiuquan Third Wind Power to be transferred.

The Seller agreed to sell its unused Carbon Emission Allowances of 825,447 tCO_2e, 638,787 tCO_2e, 663,596 tCO_2e and 112,394 tCO_2e to the respective Purchaser.

The Limited Partnership mainly invests in unlisted companies in the form of equity and invest in the sectors of emerging industries, including renewable energy generation technology, hydrogen energy, energy storage, nuclear energy and environmental protection startup companies.

Pursuant to the Partnership Agreement, the proposed paid in capital of the Limited Partnership was RMB2,000,000,000, in which CP Guorui agreed to make a capital contribution of RMB600,000,000 by way of cash, representing 30% equity interest in the Limited Partnership.

Transaction Date	Party within the Group	Connected Party of the Group	The Agreement/ Transaction	Consideration (RMB)
(E) EPC Contracting Agreements [1]				
1 February 2023	Kezhou Energy (as the Employer)	State Nuclear Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	1,322,016,800
22 February 2023	Yingshang Lvdong (as the Employer)	Shandong Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	208,040,000
31 March 2023	Dongming New Energy (as the Employer)	Shandong Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	84,619,000
9 May 2023	Pingwei III Power Plant (as the Employer)	SPER Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	56,160,000
13 June 2023	Zhucheng Energy (as the Employer)	Shandong Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	124,350,000
15 September 2023	Pingwei II Power Plant (as the Employer)	SPER Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	54,090,000
26 September 2023	Jingchu Energy (as the Employer)	Shandong Institute (as the Contractor, an indirect subsidiary of SPIC)	EPC Contracting Agreement	37,940,000

Nature, Purpose and Description of the Transaction
The Artush Photovoltaic Project involves the development of a photovoltaic power generation project with a planned installed capacity of 400MW, including an energy storage power station with energy storage capacity of 100MW/400MWh in Artush City, Kizilsu Kyrgyz Autonomous Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The Contractor agreed to provide survey design, procurement, construction and installation services, and other technical services in relation to the Artush Photovoltaic Project.
The Yingshang Wind Project involves the development of a wind farm with a planned installed capacity of 90MW in Yingshang County, Fuyang City, Anhui Province, the PRC. The Contractor agreed to provide survey design, procurement, construction and installation services, and other technical services in relation to the Yingshang Wind Project.
The Dongming Storage Project involves the construction of an energy storage power station with energy storage capacity of 100MW/200MWh in Dongming County, Heze City, Shandong Province, the PRC. The Contractor agreed to provide design, procurement, construction and installation and other technical services (not including construction or provision of energy storage system) in relation to the Dongming Storage Project.
The Pingwei III Upgrade Project involves the technical enhancement of two coal-fired power generating units (no. 5 and no. 6) for improving operational flexibility and achieving clean and low-carbon power generation. The Contractor agreed to provide design, procurement, transportation and storage, construction and installation and technical support services in relation to the Pingwei III Upgrade Project.
The Zhucheng Energy Storage Project involves the construction of an energy storage power station with energy storage capacity of 100MW/204MWh in Zhucheng City, Shandong Province, the PRC. The Contractor agreed to provide survey design, procurement, construction and installation and technical services in relation to the Zhucheng Energy Storage Project.
The Pingwei II Upgrade Project involves the technical enhancement of two coal-fired power generating units (no. 3 and no. 4) for improving operational flexibility and achieving clean and low-carbon power generation. The Contractor agreed to provide design, procurement, transportation, construction and installation and technical support services in relation to the Pingwei II Upgrade Project.
The Jingmen Photovoltaic Project involves the construction of a distributed rooftop photovoltaic power generation system with a planned installed capacity of 21MW in the High-tech Zone of Jingmen City, Hubei Province, the PRC. The Contractor agreed to provide engineering survey design, procurement, construction and installation, and technical support services in relation to the Jingmen Photovoltaic Project.

Transaction Date	Party within the Group	Connected Party of the Group	The Agreement/ Transaction	Consideration (RMB)
(F) Provision of Energy Storage EPC Services and Battery Energy Storage System [(2)]				
6 June 2023	Xinyuan Smart Storage (as the Contractor)	Alxa Jinyuan (as the Employer, an associate of SPIC)	Provision of Energy Storage EPC Services	62,310,000
20 July 2023	Xinyuan Smart Storage (as the Supplier)	Pingdingshan China Energy (as the Customer, an indirect subsidiary of SPIC)	Provision of Battery Energy Storage System	308,700,000
3 August 2023	Xinyuan Smart Storage (as the Supplier)	Shandong Institute (as the Customer, an indirect subsidiary of SPIC)	Provision of Battery Energy Storage System	546,072,000
14 September 2023	Xinyuan Smart Storage (as the Supplier)	(i) Nayong Company; (ii) Qianxi Company; (iii) Anshun Company; (iv) Luodian Company; and (v) Weng'an Company (each individually the "Customer", or collectively the "Customers", representing indirect subsidiaries of SPIC)	Provision of Battery Energy Storage System	229,460,500/project
28 September 2023	Xinyuan Smart Storage (as the Supplier)	Zunyi Company; and Jinsha Company (as the Customers, indirect subsidiaries of SPIC)	Provision of Battery Energy Storage System	460,321,000/project
14 November 2023	Xinyuan Smart Storage (as the Supplier)	Xuzhou Company (as the Customer, an indirect subsidiary of SPIC)	Provision of Battery Energy Storage System	95,165,000

Notes:

(1) All of the above EPC contracting agreements have been entered into either an open market tendering process or by tender invitation and the contracting fees are payable by installments.

(2) All of the above contacts related to the provision of Energy Storage EPC Services and Battery Energy Storage System have been awarded via either private tender, internal supplier selection or open market tendering process, with contracting fees structured to be received by installments.

Details of the above transactions are set out in the Company's announcements of their respective dates as stated above.

Nature, Purpose and Description of the Transaction
The Ulan Buh Photovoltaic Storage Project involves the building of an energy storage system with energy storage capacity of 20MW/40MWh for a photovoltaic power project located in the Ulan Buh Desert, Alxa League, Inner Mongolia Autonomous Region, the PRC. The Contractor agreed to provide design, procurement, construction and installation, and other technical support services in relation to the Ulan Buh Photovoltaic Storage Project.
The Yaodian Project involves the provision of an Energy Storage System for the 100MW/200MWh energy storage project located in Pingdingshan City, Henan Province, the PRC. Xinyuan Smart Storage agreed to act as the energy storage system integrator to provide a fully integrated Energy Storage System in relation to the Yaodian Project.
The Chongqing Hechuan Project involves the provision of an Energy Storage System for the 240MW/480MWh energy storage project located in Shuanghuai Town, Hechuan District, Chongqing, the PRC. Xinyuan Smart Storage agreed to act as the energy storage system integrator to provide a fully Integrated Energy Storage System in relation to the Chongqing Hechuan Project.
The project involves the provision of an Energy Storage System for each of the five 100MW/200MWh energy storage projects based in different locations of Guizhou Province, the PRC. Xinyuan Smart Storage agreed to act as the energy storage system integrator to provide a fully Integrated Energy Storage System in relation to each of the five energy storage projects, namely, Nayong Project, Qianxi Project, Guanling Project, Luodian Project and Weng'an Project.
The project involves the provision of an Energy Storage System for each of the two 200MW/400MWh energy storage projects based in two different locations of Guizhou Province, the PRC. Xinyuan Smart Storage agreed to act as the energy storage system integrator to provide a fully Integrated Energy Storage System in relation to each of the two energy storage projects, namely, Yaxi Project and Chayuan Project.
The Jiawang Project involves the provision of an Energy Storage System for a 50MW/100MWh energy storage project located in Jiangzhuang Town, Jiawang District, Xuzhou City, Jiangsu Province, the PRC. Xinyuan Smart Storage agreed to act as the energy storage system integrator to provide a fully Integrated Energy Storage System in relation to Jiawang Project.

Continuing Connected Transactions

Date and Name of the Agreement	Party within the Group	Connected Party of the Group	Term	Annual Cap for 2023 (RMB)
(A) Service Agreements				
31 March 2020 Entrusted Management Agreement	The Company (as the Managing Party)	CPI Holding and SPICOI (as the Entrusting Parties, subsidiaries of SPIC)	1 April 2020 to 31 March 2023	37,550,000 (inclusive of the three months from 1 January 2023 to 31 March 2023)
1 April 2023 Entrusted Management Framework Agreement	The Company (as the Managing Party)	CPI Holding, SPICOI and SPIC Green Energy (as the Entrusting Parties, subsidiaries of SPIC)	1 April 2023 to 31 December 2025	110,430,000 (the adjusted annual cap incorporates the transactions incurred from 1 January 2023 to 31 March 2023)
31 December 2020 Turnkey Service Framework Agreement	The Company (representing its subsidiaries, individually the "Purchaser" or collectively the "Purchasers")	SPIC (Materials) (as the Service Provider, a branch company of SPIC)	1 January 2021 to 31 December 2023	600,000,000
4 January 2021 Composite Services Framework Agreement	The Company (representing its subsidiaries, individually the "Employer" or collectively the "Employers")	SPIC (representing its subsidiaries, individually the "Service Provider" or collectively the "Service Providers")	1 January 2021 to 31 December 2023	325,000,000
6 May 2022 Financial Services Framework Agreement 17 August 2023 Supplemental Agreement to Financial Services Framework Agreement	The Company (as the Service Recipient, representing its subsidiaries)	SPIC Financial (as the Service Provider, a subsidiary of SPIC)	7 June 2022 to 6 June 2025	9,000,000,000 regarding the maximum daily balance of deposit (including accrued interest) placed by the Group with SPIC Financial The above annual cap was revised from an original annual cap of 5,500,000,000 by the Supplemental Agreement to Financial Services Framework Agreement.
(B) Coal Supply Framework Agreements				
30 April 2021 SPIC Aluminum Framework Agreement	CP Guorui (as the Purchaser)	SPIC Aluminum (as the Dealer, an indirect subsidiary of SPIC)	1 May 2021 to 31 December 2023	464,000,000
30 April 2021 CPI Xianrong Framework Agreement	CP Guorui (as the Purchaser)	CPI Xianrong (as the Dealer, an indirect subsidiary of SPIC)	1 May 2021 to 31 December 2023	174,000,000

Nature, Purpose and Description of the Transaction

The Company will provide planning, operating and managing services to Entrusted Companies.

The management fees payable by the Entrusting Parties to the Managing Party consist of (i) management costs covering the maximum amount of staff and operational costs and other recurrent expenses to be incurred by the Company; (ii) a fixed premium to cover the estimated onshore and offshore risks, respectively, depending on the location of the Entrusted Companies; and (iii) an assessment bonus.

SPIC (Materials) will provide the Purchasers with the facilities and equipment, materials, power cables, spare parts and components, and the related supporting services required for power plants or stations and heat supply system for the development, construction and continuing operation of the Group's existing and new renewable energy power plants or stations.

The total consideration payable shall be determined by and with reference to, among other things, the relevant tendering and bidding laws and regulations of the PRC and internal tendering policies of the Purchasers (not less than two quotations from independent third parties).

The Service Providers will provide the Employers various services with respect to technical repair and maintenance and management for the power generating units and related power generation facilities, as well as daily operational supports for power plants and offices.

The service fee payable shall be agreed by mutual agreement between the relevant Service Provider and Employer determined by and with reference to, among other things, the latest market quotations or tenders (at least two comparable transactions) for provision of the similar services from independent third parties with similar experience and service quality akin to that of the Service Providers in the same region.

SPIC Financial will provide the Group with deposit services on a non-exclusive basis. The interest rate applicable to the Group for its deposits with SPIC Financial during the same period shall not be lower than (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits provided to other members of the SPIC Group with SPIC Financial.

In addition, the applicable interest rate for the amount of the Group's deposit in current account(s) that exceeds RMB100,000, the applicable interest rate to the Group will be 23 basis point higher than, and adjusted according to, the benchmark interest rate for agreements deposits (協定存款基準利率) as published by the PBOC from time to time.

SPIC Aluminum and CPI Xianrong will supply coal through spot contracts to the Purchaser for the Group's coal-fired power plants.

The purchase price of coal shall be determined with reference to (i) the current transacted coal prices of the local coal exchange or market in the PRC (two or more latest comparable transactions of independent third parties for provision of similar type of coal in the same region); (ii) the available data published at the websites of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn or 中國煤炭資源網 (China Coal Resources*) at www.sxcoal.com or any public websites for the coal industry; (iii) the quality of the coal; and (iv) the quantity of coal.

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Date and Name of the Agreement	Party within the Group	Connected Party of the Group	Term	Annual Cap for 2023 (RMB)
4 January 2023 Renewal of Coal Supply Framework Agreement with Huainan Mining	The Company (representing its subsidiaries, collectively the "Purchasers")	Huainan Mining (as the Supplier, a substantial shareholder of subsidiaries of the Company)	1 January 2023 to 31 December 2025	10,025,000,000

(C) Continuing Connected Transactions (Pursuant to Rule 14A.60 of the Listing Rules after completion of acquisitions)				
26 September 2022 Entrusted Loan Agreement	Seven subsidiaries of the Company (as the Lenders)	Two subsidiaries of SPIC (as the Borrowers)	3 months or 1 year	81,050,000 *(Refers to the principal amount of the loan under the Entrusted Loan Agreement)*
26 October 2022 Entrusted Loan Agreement	Four subsidiaries of the Company (as the Lenders)	Eight subsidiaries of SPIC (as the Borrowers)	1 year to 3 years	404,980,000 *(Refers to the principal amount of the loan under the Entrusted Loan Agreement)*
31 October 2023 Loan Agreements	Jieyang Company, Beijing Company and two of its subsidiaries (as the Lenders)	Five indirect subsidiaries of SPIC (as Borrowers)	less than 1 year to 3 years	792,144,425 *(Refers to the total outstanding principal amount of the Loan as at 31 October 2023)*
31 October 2023 Bank Services Transactions with ABC Group	The Company and/or any members of the Group	Members of the ABC Group	Ranging from 1 year (including within 1 year) to 20 years	16,580,000,000 Maximum annual balance of loan services (including loans, finance leases, factoring and any other forms of borrowing, and accrued interest) involving the provision of security by the Group
31 October 2023 Bank Services Transactions with ABC Group	The Company and/or any members of the Group	Members of the ABC Group	Ranging from 1 year (including within 1 year) to 20 years	30,120,000,000 The maximum daily balance of deposit services provided to the Group (including accrued interest, settlement and other services fees charged)

As SPIC is the ultimate controlling shareholder of the Company and CPI Holding is the holding company of the Company and a wholly owned subsidiary of SPIC, both SPIC and CPI Holding and their respective subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules. In addition, as ABC Financial and Huainan Mining are substantial shareholders of certain subsidiaries of the Company, ABC Financial and its associates (collectively the "ABC Group") and Huainan Mining are connected persons at the subsidiary level of the Company as defined in the Listing Rules. Therefore, all the above transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Nature, Purpose and Description of the Transaction
Huainan Mining will supply coal to the Purchasers for the Group's coal-fired power plants. The purchase price of coal shall be determined by both parties after arm's length negotiations with reference to (i) national industrial policies, and industry and market conditions; (ii) guidance promulgated by the National Development and Reform Commission of the PRC in relation to coal procurement prices; (iii) available data published on the website of 中國煤炭市場網 (China Coal Market*) at www.cctd.com.cn; (iv) the quality of the coal supplied (including the estimated calorific value of coal as required by different coal-fired power generating units); and (v) the quantity of coal supplied.
The Lender agreed to provide a loan to the Borrowers prior to completion of the acquisition of the seven lenders by the Company with interest rates ranging from 2.20% to 3.70% per annum.
The Lenders agreed to provide a loan to the Borrowers prior to completion of the acquisition of the four lenders by the Company with interest rates ranging from 2.20% to 3.65% per annum.
The Lenders agreed to provide a loan to the Borrowers prior to completion of the acquisition of the four lenders by the Company with interest rates ranging from 3.00% to 4.90% per annum.
The ABC Group will provide loan services to the Group on a non-exclusive basis. The interest rate and related fees for loans (including loans, finance leases, factoring and any other forms of borrowing) granted to the Group by ABC Group that involving the provision of security by the Group will not be higher than the interest rate and related fees (at least two quotes) offered by other major commercial banks to the Group for the same type of borrowing during the same period.
The ABC Group will provide the Group with deposit services on a non-exclusive basis. The interest rate applicable to the Group for its deposits with ABC Group during the same period will not be lower than (i) the benchmark interest rate specified by the People's Bank of China* (中國人民銀行) for the same type of deposits in the PRC, or (ii) the interest rate for the same type of deposits (at least two quotes) offered by other major commercial banks.

Risk Management Committee Report

MEMBERS

Chairman:	HE Xi	Chairman of the Board and executive Director
Members:	GAO Ping	Executive Director and President
	LI Fang	Independent non-executive Director
	YAU Ka Chi	Independent non-executive Director
	HUI Hon Chung, Stanley	Independent non-executive Director
Secretary:	CHEUNG Siu Lan	Company Secretary

DUTIES AND FUNCTIONS

The Company established the Risk Management Committee on 23 March 2016 with written terms of reference in compliance with the Listing Rules and the CG Code provisions. During the year under review, the Board has assigned the roles and responsibilities of the Risk Management Committee on sustainability-related matters to the newly established Strategic and Sustainable Development Committee. Accordingly, the Sustainability Working Committee, which was originally a sub-committee under the Risk Management Committee, has been reassigned to the Strategic and Sustainable Development Committee. The terms of reference of the Risk Management Committee has been updated on 12 April 2023 to take effect of such change. Following the change, the primary duties and functions of the Risk Management Committee set out in its terms of reference, inter alia, include the following:

- To review and recommend for the Board's approval the Group's overall risk management strategies and risk appetite/tolerance which shall take into account of the financial, operational, compliance and all the relevant risks faced by the Group and the prevailing and prospective market and economic conditions at least annually.

- To review and recommend for the Board's approval the Group's risk management framework, risk management system and corporate governance framework including their appropriateness, effectiveness and independence of risk management functions at least annually.

- To review reports from the management and to make recommendations to the Board on the Group's risk management policies which govern the identification, assessment, monitoring and reporting of the major risks faced by the Group.

- To oversee the implementation of risk management policies and the compliance with the respective statutory rules and regulations.

- To report any significant risk management issues to the Board and suggest solutions.

ACCOUNTABILITY

The Risk Management Committee is accountable to the Board and reports to the Board regularly on risks identified and make recommendations to mitigate such risks.

TERMS OF REFERENCE

The latest version of the terms of reference of the Risk Management Committee was adopted on 12 April 2023 and has been posted on the websites of the Company and the Hong Kong Stock Exchange.

WORK HIGHLIGHTS 2023

The Risk Management Committee held two meetings during 2023 with an attendance rate of 100%. Key work performed by the Risk Management Committee during the year include:

- reviewed and approved the "Risk Management Report" for the year 2022 and the first half of 2023, and the risk management plan for the year 2023 prepared by the Company's Internal Audit Department relating to the Group's risk management framework, effectiveness of the risk management system, the circumstances of specific risk management and the measures adopted for risk control, and risk management policies which govern the identification, assessment, monitoring and reporting of the major risks faced by the Group;

- reviewed and approved the adequacy of resources, qualifications and experience of the staff of the Company's risk management function;

- reviewed and approved the "Safety Risk Management Report" for the first half of 2023; and

- reviewed and approved the "Sustainability Report" for the year 2022 (before the Strategic and Sustainable Development Committee was resolved to establish on 23 March 2023).

The management's annual confirmation on the effectiveness of the Group's risk management and internal control systems for the year 2022 which was reviewed and endorsed by the Risk Management Committee and the Audit Committee, respectively, and was reported to and approved by the Board in March 2023.

LOOKING FORWARD TO 2024

The Risk Management Committee will continue to focus on monitoring the five major risks of the Group that identified on assessment of the changes in recent and mid- and long-term internal and external conditions faced by the Group. Details of which are set out in the Risk Management Report in this annual report.

HE Xi
Chairman, Risk Management Committee

Hong Kong, 21 March 2024

Remuneration and Nomination Committee Report

MEMBERS

Chairman:	LI Fang	Independent non-executive Director
Members:	YAU Ka Chi	Independent non-executive Director
	HUI Hong Chung, Stanley	Independent non-executive Director
Secretary:	CHEUNG Siu Lan	Company Secretary

DUTIES AND FUNCTIONS

The Company established the Remuneration and Nomination Committee on 24 August 2004 with written terms of reference in compliance with the Listing Rules and provisions of the CG Code. The primary duties and functions of the Remuneration and Nomination Committee set out in its terms of reference include, inter alia, the following:

Remuneration

- To make recommendations to the Board on the remuneration policy and structure for all Directors and senior management of the Company, and to make recommendations on the establishment of a formal and transparent procedure for formulating remuneration policy.

- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

- To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company with reference to their experience, performance, duties and market conditions. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

- To make recommendations to the Board on the remuneration of non-executive Directors.

Nomination

- To review the structure, size and composition (including the skills, gender, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- To identify individuals suitably qualified to become Board members based on a range of diverse perspectives and select or make recommendations to the Board on the selection of individuals nominated for directorships.

- To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

- To assess the independence of independent non-executive Directors.

Nomination Policy

The Nomination Policy was approved by the Board and adopted by the Company with effect from 1 January 2019.

A. Selection Criteria

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

(a) Character and integrity.

(b) Qualifications including professional qualifications, skills, knowledge, expertise and experience that are relevant to the Company's business and corporate strategy.

(c) Good records of accomplishments in present and prior positions.

(d) Potential contributions the candidate can bring to the Board in terms of diversity in its all aspects under the Company's Board diversity policy.

(e) Commitment of the candidate to devote sufficient time to effectively carry out his/her duties.

(f) Potential or actual conflicts of interest that may arise if the candidate is selected.

(g) Independence of the candidate.

B. Nomination Procedures and Process

1. *Appointment of new Director*

(a) Upon receipt of the proposal on appointment of new Director, the Committee identifies or selects candidates, with or without assistance from external agencies or the Company, and evaluate such candidate based on the criteria as set out in this Policy to determine whether such candidate is qualified for directorship.

(b) The Committee may use any process it deems appropriate to evaluate the candidates, which may include personal interviews, background checks, presentations or written submissions by the candidates and third-party references.

(c) The Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable, and provide to the Board with all the information required including information set out in the Listing Rules in relation to the candidates.

(d) The Board should deliberate and decide on the appointment based upon the recommendations of the Committee.

2. *Re-election of Director*

(a) The Committee should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(b) The Committee should also review and determine whether the retiring Director continues to meet the criteria as set out in this Policy. For the proposed re-appointment of a retiring independent non-executive Director, the committee will consider, among other factors, the independence criteria as set out in the Listing Rules.

(c) The Committee and/or the Board should then make recommendations to shareholders in respect of the proposed re-election of Director at the general meeting.

ACCOUNTABILITY

The Remuneration and Nomination Committee is accountable to the Board. The chairman of the committee reports to the Board regularly or as requested at Board meetings on the Company's matters relating to the remuneration and nomination of the Board members and senior management.

TERMS OF REFERENCE

The latest version of the terms of reference of the Remuneration and Nomination Committee was adopted on 16 August 2013 and have been posted on the websites of the Company and the Hong Kong Stock Exchange.

WORK HIGHLIGHTS 2023

The Remuneration and Nomination Committee held two meetings during 2023 with an attendance rate of 100%. Key work performed by the Remuneration and Nomination Committee during the year include:

- considered and approved the overall remuneration package of the Directors and senior management of the Company in 2022 with reference to the remuneration system of the parent companies;
- reviewed and approved the updated selection plan and the performance evaluation indicators of the senior management for the year 2023;
- considered the profile of the Directors who would retire from office by rotation and stand for re-election at the annual general meeting in accordance with the Company's articles of association and made recommendations to the Board;
- reviewed, considered and confirmed the appointment of Mr. HE Xi as the Chairman of the Strategic and Sustainable Development Committee under the Board;
- reviewed, considered and confirmed the appointment of Ms. HUANG Qinghua as the non-executive Director of the Company, and made recommendations to the Board;
- reviewed, considered and confirmed the change of senior management during the year 2023 and made recommendations to the Board; and
- reviewed and considered the matters related to the Share Incentive Scheme adopted in May 2022.

Emoluments of executive Directors and chief executive

The emoluments of the executive Directors and the chief executive (President of the Company) are divided into fixed and variable portions. The fixed pay comprises the basic salary and other allowances, the variable pay comprises the discretionary bonus and share incentives which are linked to the individual as well as the Company's performance. The performance appraisal targets have been incorporated with the sustainability performance, e.g. the increased ratio of clean energy installed capacity to total installed capacity at the Company's level, and the contribution to any environmental, social and governance improvements that have been recognized or awarded by the local or central governments or professional institutions at the individual's level, during each appraisal year.

The share incentive scheme was approved and adopted by shareholders on 15 June 2022, options under this scheme was granted to executive Directors and selected employees of the Company. Details of this scheme are set out in section headed "Share Incentive Scheme" in the Report of the Board of Directors in this annual report. Details of the emoluments for all the Directors and the senior management are set out in Note 14 to the Consolidated Financial Statements.

Remuneration of Senior Management

The remuneration of the members of the senior management by remuneration band for the year ended 31 December 2023 (which was reviewed, considered and confirmed by the Remuneration and Nomination Committee in early 2024) is set out below:

Remuneration band (HK$)	Number of individuals	
	2023	2022
0 to 1,000,000	**9**	5
1,000,001 to 1,500,000	**1**	6

LOOKING FORWARD TO 2024

The Remuneration and Nomination Committee has been committed and will continue to ensuring that the Board will have appropriate diversity and independence and ensuring the Group offers competitive yet fair and reasonable remuneration packages to recruit and retain talented individuals.

LI Fang
Chairman, Remuneration and Nomination Committee

Hong Kong, 21 March 2024

Strategic and Sustainable Development Committee Report

MEMBERS

Chairman:	HE Xi	Chairman of the Board and executive Director
Members:	GAO Ping	Executive Director and President
	ZHOU Jie	Non-executive Director
	LI Fang	Independent non-executive Director
	YAU Ka Chi	Independent non-executive Director
Secretary:	CHEUNG Siu Lan	Company Secretary

DUTIES AND FUNCTIONS

The Company resolved to establish the Strategic and Sustainable Development Committee on 23 March 2023 following a restructuring of the Company's Board Committees and a revamping of their terms of reference. Subsequent to the change, the Strategic and Sustainable Development Committee has taken over the roles and responsibilities on sustainability-related matters from the Risk Management Committee. The Sustainability Working Committee, which is originally a sub-committee under the Risk Management Committee, has been reassigned to the Strategic and Sustainable Development Committee.

The primary duties and functions of the Strategic and Sustainable Development Committee set out in its terms of reference, inter alia, include the following:

- To consider and formulate the medium and long-term plans and goals in relation to the strategic development of the Company for the Board's approval, and to review and supervise the implementation of the Company's strategic plans from time to time.
- To consider, review and make recommendations to the Board on the ESG objectives, strategies, targets and management policies for the sustainable development of the Group.
- To review and assess the adequacy and effectiveness of the management framework for ESG-related matters.
- To identify, determine, prioritize and assess ESG-related risks and opportunities, and advise on issues that will significantly affect the operations of the Group.
- To review and monitor the Group's ESG-related work and assess the Group's ESG performance against performance targets;
- To supervise the Sustainability Working Committee and monitor its works.
- To review the annual sustainability report of the Company and make recommendations to the Board for approval.

ACCOUNTABILITY

The Strategic and Sustainable Development Committee is accountable to the Board and shall assist the Board on formulating plans, policies and practices, and reviewing and assessing opportunities and risks related to the strategic and sustainable development of the Group. It will also advise to the Board regarding the adequacy and effectiveness of the actions taken by the Group, based on its corporate sustainability plans, targets, strategies, priorities, policies and frameworks, and recommends improvements (if any).

TERMS OF REFERENCE

The written terms of reference of the Strategic and Sustainable Development Committee was adopted on 12 April 2023 and has been posted on the websites of the Company and the Hong Kong Stock Exchange.

HANDOVER

While the Strategic and Sustainable Development Committee did not hold any official meetings from the date of establishment to the year-end date of 2023, induction and past materials were circulated by the Sustainability Working Committee to the Strategic and Sustainable Development Committee to ensure that they have a thorough understanding of the Group's ESG strategies, risks, on-going ESG related work and resources. There were various informal meetings between individual members of the two Committees and the management to discuss the Group's ESG matters during the year under review. The Strategic and Sustainable Development Committee had its first official committee meeting held on 16 January 2024 and reviewed its first Sustainability Report of year 2023 on 21 March 2024.

SUSTAINABILITY WORKING COMMITTEE

Members

The supervisor of the Sustainability Working Committee is currently served by Mr. HE Xi, the executive Director and Chairman of the Board.

The members of the Sustainability Working Committee shall be appointed by the supervisor and the members shall include, but not limited to, the general managers or the heads of all the business and functional departments of the Company.

Duties and Functions

The Company established the Sustainability Working Committee on 27 August 2020. Subsequent to the aforementioned restructuring, the Sustainability Working Committee has been reassigned to the Strategic and Sustainable Development Committee. The Sustainability Working Committee shall report directly to the Strategic and Sustainable Development Committee and assist in providing leadership, direction and oversight with regard to policies formulation and practices implementation of sustainability-related matters of the Group. The primary duties and functions of the Sustainability Working Committee set out in its terms of reference, inter alia, include the following:

- To lead and maintain sustainable growth and manage the sustainability risks and opportunities of the Group. To review and identify sustainability elements affecting or relevant to the Group's businesses or operations and make recommendations to the Board through the Strategic and Sustainable Development Committee for approval.

- To assist formulating the Group's sustainable development strategies, objectives and standards and provide them to the Board through the Strategic and Sustainable Development Committee for approval.

- To oversee the Group's implementation of policies, measures, duties and activities on sustainability matters to attain those goals and standards and to review and evaluate their effectiveness and provide the Board through the Strategic and Sustainable Development Committee with confirmations and recommendations for improvement.

- To ensure the adequacy of resources, staff qualifications and experience, training programs and budget for implementation of sustainable development function.

Terms of References

The latest version of the terms of reference of the Sustainability Working Committee was adopted on 12 April 2023 and has been posted on the websites of the Company and the Hong Kong Stock Exchange.

LOOKING FORWARD TO 2024

As extreme weather events have become more frequent, there's a growing realisation that traditional risk management methods might not capture the entire picture. By establishment of the Strategic and Sustainable Development Committee to assist the Board on identifying climate related risks and opportunities, and integrating ESG factors into our every operation and investment decision, we believe we can stand resilient in the face of both present and emerging challenges and ensure lasting success of the Group in the future.

HE Xi
Chairman, Strategic and Sustainable Development Committee

Hong Kong, 21 March 2024

Report of the Board of Directors

The Board hereby presents to the shareholders its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and thermal power plants, and provision of energy storage, green energy transportation, and integrated intelligent energy solution services. Its businesses are located in various major grid regions of China. Particulars of the Company's principal subsidiaries are set out in Note 50 to the Consolidated Financial Statements.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2023 are set out in the Consolidated Income Statement on page 138. The Board has recommended the payment of a final dividend of RMB0.132 (equivalent to HK$0.1455) per ordinary share for the year ended 31 December 2023, with a total amount of RMB1,632,860,000 (equivalent to HK$1,799,857,000).

BUSINESS REVIEW AND PERFORMANCE

Review of the Group's business and performance for the year ended 31 December 2023 are set out in this annual report as follows:

Aspects	In the section headed	Page
A fair review of the Group's business and analysis of financial position	• Letter to Shareholders • Management's Discussion and Analysis	18–23 32–61
A description of the principal risks and uncertainties facing the Group	• Risk Management Report • Note 46 to the Consolidated Financial Statements • Sustainability Report*	90–100 220–229
The outlook of the Group's business	• Letter to Shareholders • Management's Discussion and Analysis	18–23 32–61
The Group's environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group	• Management's Discussion and Analysis • Sustainability Report*	32–61
An account of the Group's key relationships with its stakeholders that have a significant impact on the Group	• Management's Discussion and Analysis • Investor Relations and Frequently Asked Questions • Sustainability Report*	32–61 62–65

* The full version of the Company's Sustainability Report 2023 has been published on the websites of the Company and the Hong Kong Stock Exchange.

CORPORATE GOVERNANCE

The principles and practices of the Group's corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out in the section headed "Five-Year Financial and Operations Summary" in this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year, the additions and transfer from prepayment for property, plant and equipment of the Group amounted to RMB28,974,992,000, mainly representing general power assets. Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in Note 15 to the Consolidated Financial Statements.

SHARE CAPITAL

The total number of ordinary shares of the Company amounted to 12,370,150,983 and there is no movement in the number of ordinary shares of the Company during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

BANK LOANS, OTHER BORROWINGS AND EQUITY FINANCING INSTRUMENTS

For the year ended 31 December 2023, the Company has issued the following financing instruments in the interbank bond market of the PRC with the approvals from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會).

Date	Type	Principal amount (RMB)	Maturity period
1 November 2023	Perpetual medium-term note	1.5 billion	3+N(3) years(Note)
15 November 2023	Perpetual medium-term note	1.5 billion	3+N(3) years(Note)
18 December 2023	Super & short-term commercial paper	2 billion	90 days

Note: The Perpetual medium-term note has an initial term of 3 years, the Company may at its sole discretion to defer in whole for another 3-year term without any limit as to the number of times it may elect to defer.

The proceeds from the above commercial paper and note issues are used to repay and/or refinance the existing indebtedness and equity instruments of the Group.

Details of the bank loans, other borrowings (including the above super & short-term commercial paper) and equity financing instruments of the Group and the Company during the year are set out in Notes 34, 36 and 38 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2023, the Company did not enter into any equity-linked agreement.

DISTRIBUTABLE RESERVES

As calculated in accordance with Sections 297 and 298 of the Hong Kong Companies Ordinance, as at 31 December 2023, the distributable reserve of the Company amounted to RMB3,999,568,000 (2022: RMB2,633,167,000).

Details of movements in the reserves of the Group and the Company during the year are set out in Notes 35 and 53 to the Consolidated Financial Statements respectively.

DIRECTORS

(A) Directors of the Company

The Directors during the year 2023 and up to the date of this annual report were:

Executive Directors	
HE Xi	
GAO Ping	
Non-executive Directors	
HUANG Qinghua	(Appointed on 8 June 2023)
XU Zuyong	(Resigned on 8 June 2023)
ZHOU Jie	
Independent Non-executive Directors	
LI Fang	
YAU Ka Chi	
HUI Hon Chung, Stanley	

Mr. XU Zuyong resigned due to other work arrangement. He has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

In accordance with Articles 81 and 82 of the Company's articles of association and the Listing Rules, Mr. LI Fang and Mr. HUI Hon Chung, Stanley will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. If the above Directors are re-elected, they will not enter into service contracts with the Company or any of its subsidiaries which are not determinable by the employing company within one year without payment of compensation other than statutory compensation.

As at 31 December 2023, none of the Directors had a service contract with the Company or any of its subsidiaries which was not determinable by the employing company within one year without payment of compensation other than statutory compensation.

The Company has confirmed with each of the independent non-executive Director that there is no change of circumstances which may affect their independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules during the year. The Company considers all of its independent non-executive Directors are independent.

Biographical details of each of the present Directors are set out in the section headed "Directors and Senior Management Profiles" in this annual report, and details of Directors' emoluments are set out in Note 14 to the Consolidated Financial Statements.

(B) Directors of subsidiaries

The names of all directors who have served on the boards of the subsidiaries of the Company during the year ended 31 December 2023 or during the period from 1 January 2024 to the date of this annual report are available on the Company's website at www.chinapower.hk.

PERMITTED INDEMNITY

Pursuant to the Company's articles of association, subject to the Hong Kong Companies Ordinance, every Director of the Company shall be indemnified against any liability incurred by him/her in the execution and discharge of his/her duties or in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

SHARE INCENTIVE SCHEME

The current share incentive scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 15 June 2022.

During the year ended 31 December 2023, no share option was granted and 10,120,000 share options were lapsed pursuant to the terms of the Share Incentive Scheme.

Up to 31 December 2023, the number of shares of the Company that may be issued in respect of share options granted but not yet lapsed or cancelled under the share incentive scheme is 93,060,000. The number of share options available for grant under the share incentive scheme as at 1 January 2023 and 31 December 2023 were 8,531,100 respectively, representing approximately 0.07% of the number of the existing issued shares of the Company.

As at 31 December 2023, the total grant date fair value of unexercised unvested options, measured in accordance with the accounting policy set out in Note 33 to the Consolidated Financial Statements, amounted to HK$148,897,100. Assuming that all share options outstanding as at 31 December 2023 were exercised, the Company would receive proceeds of HK$450,036,400.

Details of the movement in share options of the Company during the year ended 31 December 2023 are set out in Note 33 to the Consolidated Financial Statements.

A summary of the Share Incentive Scheme is as follows:

Purposes of the Share Incentive Scheme	The Share Incentive Scheme aims at: (i) further improving the incentive mechanism of the Company in support of the transformation and development of the Company; (ii) fully motivating the Company's senior management, middle management and core business backbone personnel; and (iii) aligning the interest of the shareholders of the Company, the Company and the individual interest of the core backbone employees effectively, so that all parties will share a common concern for the long-term development of the Company.
Participants of the Share Incentive Scheme	The participants of the Share Incentive Scheme are: (i) Directors; (ii) senior management; (iii) backbone management; and (iv) technical and business personnel who has a direct impact on the Company's operating performance and sustainable development of the Company and its controlled subsidiaries.
Total number of shares available for issue under the Share Incentive Scheme and the percentage of the issued shares that it represents as at the date of this annual report	The total number of shares to be issued pursuant to the exercise of the share options granted under the Share Incentive Scheme shall not exceed 111,711,100 shares, representing 0.90% of the total issued share capital of the Company as at the date of this annual report.
Maximum entitlement of each participant	Unless approved by a resolution at a general meeting, the number of underlying shares in respect of the share options granted to a participant of the Share Incentive Scheme (including exercised and outstanding share options) during the effective period of the Share Incentive Scheme shall not in aggregate exceed 1% of the total issued share capital of the Company.
The basis of determining the exercise price of the share options granted under the Share Incentive Scheme	The exercise price pf the share options granted under the Share Incentive Scheme shall be determined in accordance with the fair market price principle, with the grant date as the base day for pricing. The fair market price principle shall not be lower than the higher of the following prices: (i) the closing price of the shares on the grant date; and (ii) the average closing price of the shares on the 5 trading days prior to the grant date.
The waiting period of share options granted under the Share Incentive Scheme	No share options granted under the Share Incentive Scheme shall be exercised within 24 months from the grant date of the relevant share option (the "Waiting Period").

<table>
<tr>
<td>The period within which the share options must be exercised</td>
<td>
A participant of the Share Incentive Scheme may exercise their share options in tranches during the exercise period after expiration of the Waiting Period, subject to the achievement of specific performance appraisal targets for the year, as follows:
<table>
<tr><th>Exercise Period</th><th>Timing of Exercise Period</th><th>Percentage of share options exercisable</th></tr>
<tr><td>First Exercise Period</td><td>From the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date</td><td>33%</td></tr>
<tr><td>Second Exercise Period</td><td>From the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date</td><td>33%</td></tr>
<tr><td>Third Exercise Period</td><td>From the first trading day after 48 months from the grant date to the last trading day within 60 months from the grant date</td><td>34%</td></tr>
</table>
</td>
</tr>
<tr>
<td>The amount payable on application or acceptance of the share options, and the period within which payments or calls must or may be made, or loans for such purposes must be repaid</td>
<td>No payments are required from a participant of the Share Incentive Scheme on application or acceptance of the share options.</td>
</tr>
<tr>
<td>Effective period of the Share Incentive Scheme</td>
<td>The Share Incentive Scheme shall be valid from the grant date until the date when all share options have been exercised or cancelled and the maximum effective period of the Share Incentive Scheme shall not exceed 72 months.</td>
</tr>
<tr>
<td>Performance targets</td>
<td>
The Board may at its discretion to specify any conditions, including performance targets which must be satisfied before the share options are vested. Such performance targets may include financial targets or management targets which may include, among others, the following key performance indicators:

(i) The level of return on equity and the ranking compared with the industry average or benchmark companies;

(ii) The level of compound growth rate of net profit and the ranking compared with the industry average or benchmark companies;

(iii) The level of economic value added (EVA) rate; and

(iv) The ratio of clean energy installed capacity to total installed capacity (sustainability performance).
</td>
</tr>
</table>

Movement in Share Options

Movements of the share options granted under the Share Incentive Scheme for the year ended 31 December 2023 are as follows:

Name or Category of Grantees	Date of Grant	Exercise Price (HK$)	Closing Price on the date of grant	Waiting Period	Exercise Period	As at 1 January 2023	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 December 2023
Directors										
HE Xi	5 July 2022	4.82	4.69	5 July 2022–4 July 2024	5 July 2024–4 July 2025	363,000	–	–	–	363,000
		4.82	4.69	5 July 2022–4 July 2025	5 July 2025–4 July 2026	363,000	–	–	–	363,000
		4.82	4.69	5 July 2022–4 July 2026	5 July 2026–4 July 2027	374,000	–	–	–	374,000
						1,100,000				**1,100,000**
GAO Ping	5 July 2022	4.82	4.69	5 July 2022–4 July 2024	5 July 2024–4 July 2025	363,000	–	–	–	363,000
		4.82	4.69	5 July 2022–4 July 2025	5 July 2025–4 July 2026	363,000	–	–	–	363,000
		4.82	4.69	5 July 2022–4 July 2026	5 July 2026–4 July 2027	374,000	–	–	–	374,000
						1,100,000				**1,100,000**
Other Employees										
	5 July 2022	4.82	4.69	5 July 2022–4 July 2024	5 July 2024–4 July 2025	27,188,700	–	–	(3,339,600)	23,849,100
		4.82	4.69	5 July 2022–4 July 2025	5 July 2025–4 July 2026	27,188,700	–	–	(3,339,600)	23,849,100
		4.82	4.69	5 July 2022–4 July 2026	5 July 2026–4 July 2027	28,012,600	–	–	(3,440,800)	24,571,800
						82,390,000			**(10,120,000)**	**72,270,000**
	20 July 2022	4.90	4.65	20 July 2022–19 July 2024	20 July 2024–19 July 2025	6,134,700	–	–	–	6,134,700
		4.90	4.65	20 July 2022–19 July 2025	20 July 2025–19 July 2026	6,134,700	–	–	–	6,134,700
		4.90	4.65	20 July 2022–19 July 2026	20 July 2026–19 July 2027	6,320,600	–	–	–	6,320,600
						18,590,000				**18,590,000**
Total						**103,180,000**			**(10,120,000)**	**93,060,000**

The Company has used the Black-Scholes Option Pricing Model (the "Model") to assess the value of the share option as at the dates of grant. The Model is one of the commonly used models to estimate the fair value of a share option. The value of a share option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of a share option. As such, the fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the valuation model used.

Pursuant to the Share Incentive Scheme, the share options were granted on 5 July 2022 and 20 July 2022, respectively. The fair value of these share options determined at the date of grant using the Model were HK$1.61 and HK$1.56 per share option, respectively. For further information on the fair value of these share options, please refer to Note 33 to the Consolidated Financial Statements.

DIRECTORS' INTEREST IN CONTRACTS

During the year ended 31 December 2023, there was no transaction, arrangement or contract of significance in which the Company, its subsidiaries, its holding companies, fellow subsidiaries, associates and joint ventures was a party, and in which the Director had any material interest.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, save as disclosed below, none of the Directors and their associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group:

Name of the Director	Position(s) within Company	Other Interests
HE Xi	Chairman of the Board and Executive Director	Chief engineer of new energy of SPIC
ZHOU Jie	Non-executive Director	Special duty director of SPIC, director of CPI Holding, SPIC Yellow River Upstream Hydropower Development Co., Ltd., Qinghai Yellow River Upstream Hydropower Development Co., Ltd. and SPIC Guangdong (resigned on 28 August 2023).
HUANG Qinghua (appointed on 8 June 2023)	Non-executive Director	Special duty director of SPIC, director of SPIC Chongqing Electric Power Co., Ltd. and SPIC Guizhou Jinyuan Co., Ltd..
XU Zuyong (resigned on 8 June 2023)	Non-executive Director	Special duty director of SPIC, chairman of the supervisory board of Jilin Electric and director of SPIC Group Intelligent Energy Investment Co., Ltd.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2023, the following Directors have the following interest in the shares of the Company:

Name	Capacity	Number of shares in which interested other than under equity derivatives	Percentage of issued share capital of the Company (%)	Long/Short position
HE Xi	Beneficial owner	1,100,000	0.009	Long
GAO Ping	Beneficial owner	1,100,000	0.009	Long

Save as disclosed above, none of the Directors or the chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong (the "SFO") which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which would be 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2023, save as disclosed below, no person, not being a Director nor chief executive of the Company, had an interest or short position in the shares or underlying shares of the Company which should be recorded in the register kept under Section 336 of the SFO.

Name	Capacity	Number of shares in which interested other than under equity derivatives[3]	Percentage of issued share capital of the Company (%)	Long/Short position
SPIC Fund	Beneficial owner	95,132,000	0.77	Long
SPIC Finance HK	Beneficial owner	446,275,453	3.61	Long
CPDL	Beneficial owner	2,662,000,000	21.52	Long
CPNE	Beneficial owner	1,837,822,662	14.85	Long
CPI Holding[1]	Interest of controlled corporations	4,499,822,662	36.37	Long
	Beneficial owner	2,833,518,060	22.91	Long
SPIC	Interest of controlled corporations	7,874,748,175	63.66	Long

Notes:

(1) CPI Holding is the beneficial owner of CPDL and CPNE and therefore CPI Holding is deemed to be interested in the shares of the Company owned by CPDL and CPNE for the purposes of the SFO.

(2) SPIC is the beneficial owner of CPI Holding, SPIC Finance HK and SPIC Fund and therefore SPIC is deemed to be interested in the shares of the Company owned by CPI Holding, SPIC Finance HK and SPIC Fund for the purposes of the SFO.

(3) Save as disclosed above, SPIC, CPI Holding, CPDL, CPNE, SPIC Finance HK and SPIC Fund do not have any interest in the equity derivatives of the Company.

DONATIONS

Donations by the Group for charitable purposes amounted to RMB3,142,800 (2022: RMB3,396,500).

CONNECTED TRANSACTIONS

The connected transactions and continuing connected transactions entered by the Group during the year 2023 are set out in the schedule annexed to the Audit Committee Report in this annual report.

The Company confirmed that all the continuing connected transactions have been conducted in accordance with the specific pricing policies and guidelines of the aforesaid agreements as disclosed during the year under review. The continuing connected transactions (including the related parties transactions) during the year have been reviewed by the Audit Committee and the Company's external auditor (Ernst & Young).

In the opinion of the Directors and as confirmed by the Audit Committee and the Company's external auditor (Ernst & Young), the Company has complied with the disclosure requirements in accordance with the relevant Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 53.10% of the Group's total purchases and purchases attributable to the Group's largest supplier accounted for approximately 35.28% of the Group's total purchases.

For the year ended 31 December 2023, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 56.03% of the Group's total turnover and turnover attributable to the Group's largest customer accounted for approximately 16.20% of the Group's total turnover.

At no time during the year did a Director, an associate of a Director and a shareholder of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PUBLIC FLOAT

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being no less than 25% of the issued share capital of the Company as required under the Listing Rules.

AUDITOR

The Consolidated Financial Statements have been audited by Ernst & Young who will retire and, being eligible, offered themselves for re-appointment.

On behalf of the Board
China Power International Development Limited

HE Xi
Chairman

Hong Kong, 21 March 2024

Ernst & Young
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Quarry Bay, Hong Kong

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To the members of China Power International Development Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Power International Development Limited (the "Company") and its subsidiaries (the "Group") set out on pages 138 to 252, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment considerations of property, plant and equipment and goodwill	
As at 31 December 2023, the Group's property, plant and equipment ("PPE") and goodwill amounted to RMB202,556 million and RMB1,241 million, respectively. As disclosed in Notes 2.10, 3(i), 15 and 18 to the consolidated financial statements, the Group reviews PPE for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, while impairment assessments on goodwill are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. As a result of the impairment testing of the current year, impairment losses of RMB67 million were recognized in respect of PPE. Management performed the impairment testing by comparing the recoverable amount of the cash generating units ("CGUs") or group of CGUs that the PPE and goodwill are allocated to the carrying amount of the CGUs or group of CGUs. Estimation of the recoverable amounts of the CGUs involves estimation of the future cash flows which requires significant management judgement and estimates. Auditing management's impairment assessment was complex due to the significant estimates and judgements involved in the projection of future cash flows, including the future sales volumes, expected tariff rates, fuel costs (if applicable), staff costs, growth rates and discount rates applied to these forecasted future cash flows. These estimates and judgements might be affected by unexpected changes in the future market or economic conditions.	Among other audit procedures performed, we compared the methodology used by the Group, that is the recoverable amount calculation based on future discounted cash flows, to industry practice and tested the underlying data used in the projections. We evaluated the appropriateness of the classification of CGUs or groups of CGUs. We also assessed the significant assumptions used in the calculations, which included, among others, the future sales volumes, expected tariff rates, fuel costs (if applicable), staff costs, growth rates and discount rates applied to these forecasted future cash flows, by comparing them to external industry outlook reports and analyzing the historical accuracy of management's estimates. We also assessed the competence and objectivity of external value appraisers and management's experts. In addition, we involved our valuation specialists to assist us in the assessment of the valuation methodologies and the discount rate adopted. We evaluated the sensitivity of the significant assumptions described above by assessing the changes to the recoverable amounts of the CGUs resulting from changes in these assumptions, both individually and in aggregate. In addition, we also assessed the adequacy of the Group's relevant disclosures included in the consolidated financial statements regarding the impairment and recoverable amounts.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of the provisions for compensation for inundation	
As at 31 December 2023, the Group recognized provisions for compensation for inundation caused by the construction of certain hydropower plants amounting to RMB1,970 million, with interest expense related to the provisions amounting to RMB104 million for the year then ended. As disclosed in Notes 2.18, 3(ii) and 40 to the consolidated financial statements, provisions for inundation compensation are measured at the present value of the expenditure expected to be required to settle the compensation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the compensation. Management adopts highly subjective assumptions and judgements in the calculation of such provisions. Auditing management's assessment of provisions for inundation compensation was complex due to the significant estimates and judgements involved in the calculation of such provisions, including the timing and duration of the compensation payments, the compensation per unit of area and growth rate of compensation, the expected useful lives of hydropower plants, as well as pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. These estimates and judgements might be affected by unexpected changes in economic conditions.	Among other audit procedures performed, we compared the calculation method used by the Group, that is the calculation of present value of the expenditure expected to be required to settle the compensation, to industry practice and tested the underlying data used in the calculation. We also assessed the significant assumptions used in the calculation, which included the timing and duration of the compensation payments, the compensation per unit of area and growth rate of compensation, the expected useful lives of hydropower plants, as well as pre-tax discount rate applied to account for time value of money and the risks specific to the compensation, by comparing forecasts prepared by management in prior years with actual payment, comparing growth rate assumptions with external macro-economic outlook, and checking the compensation per unit of area to latest local regulations. In addition, we involved our valuation specialists to assist us in the assessment of the calculation method and the discount rate adopted. We evaluated the sensitivity of the significant assumptions described above by assessing the changes to the provision to be recognized resulting from changes in these assumptions, both individually and in aggregate. We also assessed the adequacy of the Group's relevant disclosures included in the consolidated financial statements regarding the calculation of provisions for inundation compensation.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
Hong Kong
21 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
		Year ended 31 December	
Revenue	4	**44,261,767**	43,689,129
Other income	5	**2,319,566**	747,050
Fuel costs		**(16,801,146)**	(22,725,546)
Depreciation		**(9,080,548)**	(7,661,040)
Staff costs	6	**(4,638,636)**	(3,840,191)
Repairs and maintenance		**(1,095,579)**	(964,658)
Subcontracting costs		**(104,883)**	(59,786)
Cost of sales of energy storage equipment		**(2,144,556)**	(694,165)
Consumables		**(534,308)**	(561,346)
Other gains and losses, net	7	**678,814**	2,515,645
Other operating expenses	8	**(4,145,304)**	(2,840,830)
Operating profit	9	**8,715,187**	7,604,262
Finance income	10	**279,121**	153,624
Finance costs	10	**(4,273,867)**	(4,260,961)
Share of results of associates		**504,855**	(155,233)
Share of results of joint ventures		**201,294**	2,375
Profit before taxation		**5,426,590**	3,344,067
Income tax expense	11	**(892,635)**	(658,729)
Profit for the year		**4,533,955**	2,685,338
Attributable to:			
Ordinary shareholders of the Company		**2,660,322**	2,480,840
Other equity instruments' holders		**424,147**	167,211
Non-controlling interests		**1,449,486**	37,287
		4,533,955	2,685,338
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
— Basic	12	**0.22**	0.22
— Diluted	12	**0.22**	0.22

Details of the dividends to ordinary shareholders of the Company attributable to the profit for the year are set out in Note 13.

The notes on pages 145 to 252 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

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

The notes on pages 145 to 252 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**202,555,694**	142,306,292
Right-of-use assets	16	**8,494,624**	6,893,878
Prepayments for construction of power plants	17	**6,194,356**	4,951,116
Goodwill	18	**1,240,558**	832,388
Other intangible assets	19	**16,135,447**	8,286,390
Interests in associates	20	**7,812,833**	5,455,182
Interests in joint ventures	21	**2,448,479**	1,201,014
Equity instruments at FVTOCI	22	**4,760,344**	4,131,667
Deferred income tax assets	23	**1,096,304**	288,300
Restricted deposits	30	**42,909**	18,711
Other non-current assets	24	**9,383,080**	6,154,281
		260,164,628	180,519,219
Current assets			
Inventories	25	**2,380,212**	1,091,344
Accounts receivable	26	**25,235,221**	12,634,771
Prepayments, deposits and other receivables	27	**7,967,510**	6,594,392
Amounts due from related parties	28	**4,111,062**	6,098,185
Tax recoverable		**69,473**	70,738
Debt instruments at FVTOCI	29	**59,345**	108,972
Restricted deposits	30	**80,513**	59,244
Cash and cash equivalents	31	**5,738,815**	4,228,099
		45,642,151	30,885,745
Total assets		**305,806,779**	211,404,964
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital	32	**24,508,986**	24,508,986
Reserves	35	**13,956,246**	13,820,378
		38,465,232	38,329,364
Other equity instruments	34	**15,174,509**	8,639,281
Non-controlling interests	50	**41,380,971**	21,621,460
Total equity		**95,020,712**	68,590,105

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	As at 31 December 2023 RMB'000	2022 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income		**58,107**	35,625
Bank borrowings	36	**99,651,965**	62,212,186
Borrowings from related parties	37	**16,582,669**	10,415,324
Other borrowings	38	**11,213,837**	16,811,531
Lease liabilities	39	**3,398,570**	3,189,645
Deferred income tax liabilities	23	**2,849,526**	2,275,328
Provisions for other long-term liabilities	40	**1,860,767**	1,866,003
Other non-current liabilities	41	**–**	84,183
		135,615,441	96,889,825
Current liabilities			
Accounts and bills payables	42	**3,823,396**	2,566,171
Construction costs payable		**16,494,052**	11,990,216
Other payables and accrued charges	43	**5,523,832**	3,607,678
Amounts due to related parties	28	**10,965,201**	3,412,795
Bank borrowings	36	**19,628,679**	16,726,791
Borrowings from related parties	37	**10,441,339**	4,718,980
Other borrowings	38	**7,063,759**	2,015,000
Lease liabilities	39	**734,022**	517,007
Tax payable		**496,346**	370,396
		75,170,626	45,925,034
Total liabilities		**210,786,067**	142,814,859
Total equity and liabilities		**305,806,779**	211,404,964
Net current liabilities		**29,528,475**	15,039,289
Total assets less current liabilities		**230,636,153**	165,479,930

The consolidated financial statements on pages 138 to 252 were approved and authorized for issue by the Board on 21 March 2024 and are signed on its behalf by:

HE Xi
Director

GAO Ping
Director

The notes on pages 145 to 252 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to ordinary shareholders of the Company						
	Share capital (Note 32) RMB'000	Other reserves (Note 35) RMB'000	Retained earnings (Note 35) RMB'000	Sub-total RMB'000	Other equity instruments (Note 34) RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	24,508,986	6,732,799	7,087,579	38,329,364	8,639,281	21,621,460	68,590,105
Profit for the year	–	–	2,660,322	2,660,322	424,147	1,449,486	4,533,955
Other comprehensive income for the year:							
Fair value loss on equity instruments at FVTOCI, net of tax	–	(414,856)	–	(414,856)	–	1,528	(413,328)
Fair value loss on debt instruments at FVTOCI, net of tax	–	(533)	–	(533)	–	(292)	(825)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	1,214	–	1,214	–	195	1,409
Total comprehensive (expense)/income for the year	–	(414,175)	2,660,322	2,246,147	424,147	1,450,917	4,121,211
Share-based payment expenses (Note 33)	–	7,422	–	7,422	–	–	7,422
Issuance of perpetual debts (Note 34)	–	–	–	–	5,008,740	–	5,008,740
Issuance of perpetual medium-term notes (Note 34)	–	(1,800)	–	(1,800)	3,000,000	–	2,998,200
Redemption of perpetual medium-term notes (Note 34)	–	–	–	–	(2,997,600)	–	(2,997,600)
Transfer to statutory reserves	–	605,027	(605,027)	–	–	–	–
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	–	6,127,650	6,127,650
Acquisitions of subsidiaries (Note 48)	–	–	–	–	1,501,777	10,253,797	11,755,574
Acquisition of non-controlling interests	–	(826,771)	–	(826,771)	–	(207,082)	(1,033,853)
Obtaining control of an associate	–	–	–	–	–	113,579	113,579
Disposal of interests in subsidiaries without loss of control (Note 47(a))	–	71,587	–	71,587	–	3,168,987	3,240,574
Dividends paid to non-controlling interests	–	–	–	–	–	(1,148,337)	(1,148,337)
Distributions to holders of other equity instruments	–	–	–	–	(401,836)	–	(401,836)
Appropriation of safety production funds	–	108,734	(108,734)	–	–	–	–
Share of changes of reserves of associates and joint ventures	–	17,185	(17,185)	–	–	–	–
2022 final dividend (Note 13)	–	–	(1,360,717)	(1,360,717)	–	–	(1,360,717)
Total transactions recognized directly in equity	–	(18,616)	(2,091,663)	(2,110,279)	6,111,081	18,308,594	22,309,396
At 31 December 2023	24,508,986	6,300,008	7,656,238	38,465,232	15,174,509	41,380,971	95,020,712

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to ordinary shareholders of the Company						
	Share capital (Note 32) RMB'000	Other reserves (Note 35) RMB'000	Retained earnings (Note 35) RMB'000	Sub-total RMB'000	Other equity instruments (Note 34) RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022	20,418,001	7,074,468	5,562,399	33,054,868	2,997,600	16,324,215	52,376,683
Profit for the year	–	–	2,480,840	2,480,840	167,211	37,287	2,685,338
Other comprehensive income for the year:							
Fair value loss on equity instruments at FVTOCI, net of tax	–	(760,724)	–	(760,724)	–	(7,388)	(768,112)
Fair value loss on debt instruments at FVTOCI, net of tax	–	(1,214)	–	(1,214)	–	(195)	(1,409)
Release on derecognition of debt instruments at FVTOCI, net of tax	–	599	–	599	–	262	861
Exchange differences on translation of foreign operations	–	(28)	–	(28)	–	(16)	(44)
Total comprehensive (expense)/income for the year	–	(761,367)	2,480,840	1,719,473	167,211	29,950	1,916,634
Shares issued for acquisition of subsidiaries	4,090,985	–	–	4,090,985	–	–	4,090,985
Share-based payment expenses (Note 33)	–	28,802	–	28,802	–	–	28,802
Issuance of perpetual debts (Note 34)	–	–	–	–	5,608,720	–	5,608,720
Transfer to statutory reserves	–	429,551	(429,551)	–	–	–	–
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	–	3,837,954	3,837,954
Acquisitions of subsidiaries	–	–	–	–	–	1,358,647	1,358,647
Disposal of interests in subsidiaries without loss of control	–	(23,095)	–	(23,095)	–	1,108,275	1,085,180
Disposal of interests in subsidiaries	–	–	–	–	–	(549,439)	(549,439)
Dividends paid to non-controlling interests	–	–	–	–	–	(488,142)	(488,142)
Distributions to holders of other equity instruments	–	–	–	–	(134,250)	–	(134,250)
Transfer of reserves upon disposal of equity instruments at FVTOCI	–	(15,560)	15,560	–	–	–	–
2021 final dividend (Note 13)	–	–	(541,669)	(541,669)	–	–	(541,669)
Total transactions recognized directly in equity	4,090,985	419,698	(955,660)	3,555,023	5,474,470	5,267,295	14,296,788
At 31 December 2022	24,508,986	6,732,799	7,087,579	38,329,364	8,639,281	21,621,460	68,590,105

The notes on pages 145 to 252 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
		Year ended 31 December	
Cash flows from operating activities			
Net cash generated from operating activities	44(a)	**9,903,018**	5,725,614
Cash flows from investing activities			
Payments for property, plant and equipment and prepayments for construction of power plants		**(24,647,824)**	(17,595,752)
Payments for right-of-use assets		**(818,134)**	(498,025)
Proceeds from disposal of property, plant and equipment		**15,889**	15,312
Net cash outflow on acquisitions of subsidiaries	48	**(1,047,763)**	(1,510,983)
Net cash inflow on obtaining control of an associate		**25,198**	–
Net cash (outflow)/inflow on disposals of subsidiaries	47(b)	**(115,034)**	1,264,010
Payments of consideration payable for acquisition of subsidiaries in prior year		**(750,975)**	–
Investments in associates		**(923,130)**	(1,119,811)
Investments in joint ventures		**(251,986)**	(55,024)
Investments in equity investments at FVTOCI		**(80,000)**	–
Capital injections to associates, joint ventures and equity instruments at FVTOCI		**(1,889,128)**	(675,450)
Repayment from related parties		**3,337,857**	–
Dividends received		**95,891**	26,832
Interests received		**251,035**	131,371
Increase in restricted deposits		**(45,467)**	(57,587)
Net cash used in investing activities		**(26,843,571)**	(20,075,107)
Cash flows from financing activities			
Drawdown of bank borrowings	44(b)	**61,664,166**	45,458,779
Drawdown of borrowings from related parties	44(b)	**16,660,497**	11,670,054
Drawdown of other borrowings	44(b)	**3,728,296**	12,307,218
Capital injections from non-controlling shareholders of subsidiaries		**6,127,650**	3,837,954
Proceeds from disposal of equity interests in subsidiaries without loss of control	47(a)	**3,240,574**	1,085,180
Acquisition of non-controlling interests		**(1,033,853)**	–
Issuance of perpetual debts	34	**5,008,740**	5,608,720
Issuance of perpetual medium-term notes	34	**3,000,000**	–
Redemption of perpetual medium-term notes	34	**(3,000,000)**	–
Repayment of bank borrowings	44(b)	**(55,375,760)**	(45,086,454)
Repayment of borrowings from related parties	44(b)	**(12,057,974)**	(10,288,043)
Repayment of other borrowings	44(b)	**(5,421,698)**	(4,620,000)
Payments for lease liabilities	44(b)	**(1,517,227)**	(1,985,982)
Dividend paid		**(1,384,828)**	(556,576)
Distributions to holders of other equity instruments	34	**(401,836)**	(134,250)
Dividends paid to non-controlling interests		**(784,530)**	(488,142)
Net cash generated from financing activities		**18,452,217**	16,808,458
Net increase in cash and cash equivalents		**1,511,664**	2,458,965
Cash and cash equivalents at 1 January		**4,228,099**	1,766,632
Exchange (loss)/gain, net		**(948)**	2,502
Cash and cash equivalents at 31 December	31	**5,738,815**	4,228,099

The notes on pages 145 to 252 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

China Power International Development Limited (the "Company") was incorporated in Hong Kong on 24 March 2004 as a limited liability company under the Hong Kong Companies Ordinance. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together referred to as the "Group") are principally engaged in the generation and sale of electricity in the People's Republic of China (the "PRC"), including investment, development, operation and management of hydropower, wind power, photovoltaic power and thermal power plants, and the provision of energy storage, green power transportation and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of the PRC.

The Group is controlled by China Power International Holding Limited ("CPI Holding"), an intermediate holding company which directly holds the Company's shares and also indirectly holds through China Power Development Limited ("CPDL"), a wholly-owned subsidiary of CPI Holding and through China Power (New Energy) Holdings Limited ("CPNE"), a non-wholly owned subsidiary of CPI Holding. The directors of the Company (the "Directors") regard State Power Investment Corporation Limited (國家電力投資集團有限公司) ("SPIC"), a wholly state-owned enterprise established in the PRC which is the beneficial owner of CPI Holding, as the ultimate holding company.

The consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, and have been approved by the board of Directors (the "Board") on 21 March 2024.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policy applied in the preparation of these consolidated financial statements are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The consolidated financial statements are prepared on a going concern basis, details of which are set out in Note 46.2(e).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

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

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

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKAS 1

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in Note 2 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

Amendments to HKAS 8

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.

Amendments to HKAS 12

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The amendments did not have a material impact on the Group's consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRSs

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

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

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRSs *(Continued)*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.4 Consolidation

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(i) Business combinations (Continued)

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognized and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognized and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their fair values at acquisition date, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Consolidation *(Continued)*

(a) Subsidiaries *(Continued)*

(i) Business combinations (Continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(ii) Changes in ownership interests in existing subsidiaries

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to ordinary shareholders of the Company.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as associates, joint ventures or financial assets. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the ordinary shareholders of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(iv) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at their respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or negative goodwill.

(b) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Consolidation *(Continued)*

(b) Associates *(Continued)*

The Group's share of post-acquisition profit or loss is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated income statement. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interests in associates are recognized in the consolidated income statement.

(c) Joint ventures

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The principal activities of the Group are mainly transacted in RMB and accordingly the consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance costs". All other exchange gains and losses are presented in the consolidated income statement within "other gains and losses, net".

Translation differences on non-monetary financial assets such as equity instruments are included in the FVTOCI reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of that reporting period;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment *(Continued)*

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10(a)). Such impairment losses are recognized in the consolidated income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognized in the consolidated income statement.

2.7 Construction in progress and prepayments for construction of power plants

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.6 above.

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group's power plants including payments for equipment and machineries pending delivery to the relevant power plants for installation. Such prepayments are stated at cost less accumulated impairment losses, if any.

2.8 Intangible assets

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair values at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, being their fair values at the date of the revaluation less subsequent accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over expected beneficial period. The expected beneficial period and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

The Group's other intangible assets represent favourable tariff contracts and franchise rights as disclosed in Note 19.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognized as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional leases or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognizes any gain or loss that relates to the rights transferred to the buyer-lessor only. For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

2.10 Impairment of non-financial assets

(a) Non-financial assets other than goodwill

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets *(Continued)*

(a) Non-financial assets other than goodwill *(Continued)*

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognized immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(b) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of the CGUs or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at CGU level or groups of CGUs level within the operating segment.

Goodwill impairment assessments are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets *(Continued)*

Classification and subsequent measurement of financial assets *(Continued)*

(b) *Debt instruments classified as at FVTOCI*

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(c) *Equity instruments designated as at FVTOCI*

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in the consolidated income statement.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable, notes receivable, other receivables, deposits, amounts due from related parties, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("12m") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in other non-current assets. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; or

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

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2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Group's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Group recognizes an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognized through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Financial liabilities and equity

Classification as debt or equity

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

Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognized as distributions within equity.

The perpetual notes and other perpetual instruments issued by the Company are recognized as "Other equity instruments".

Financial liabilities

All financial liabilities including bank borrowings, borrowings from related parties, other borrowings, lease liabilities, amounts due to related parties, accounts and bills payables, construction costs payable and other payables and accrued charge are subsequently measured at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.14 Inventories

Inventories comprise coal, fuel oil, energy storage equipment, consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realizable value after provision for obsolete items, and are expensed to fuel costs or repairs and maintenance expense when used/consumed, or capitalized to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax *(Continued)*

(b) Deferred income tax *(Continued)*

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profits available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.17 Employee benefits

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of Hong Kong dollars ("HK$") 1,500 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers. The Group has no future payment obligation once the contributions have been paid.

For employees in Mainland China, the Group contributes on a monthly basis to various defined contribution plans organized by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further constructive obligation for any post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Group had no unvested benefits available to reduce its future contributions.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits *(Continued)*

(b) Bonus entitlements

The expected cost of bonus payments is recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(c) Share-based payments

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.18 Provisions

Provisions (including provisions for inundation compensation) are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.19 Government grants

Grants and subsidies from the government are recognized at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognized in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Government grants *(Continued)*

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognized at nominal amount.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Directors and certain senior managements who make strategic decisions.

2.21 Revenue from contracts with customers

The Group recognizes revenue from sales of electricity to regional and provincial power grid companies, provision of power generation, subcontracting services and sales of energy storage equipment.

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognized at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue from contracts with customers *(Continued)*

Existence of significant financing component *(Continued)*

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognizes interest income during the period between the payment from customers and the transfer of the associated goods or services.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e., the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e., the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Further details of revenue and income recognition policies are as follows:

(i) *Sales of electricity to regional and provincial power grid companies, and provision of power generation*

Revenue is recognized upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

(ii) *Subcontracting services for energy storage projects*

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognized progressively over time using the input method, i.e., based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognized only to the extent of contract costs incurred that are expected to be recovered.

(iii) *Sales of energy storage equipment*

Revenue from the sales of energy storage equipment, at the point of time when control of the promised assets has been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Revenue from the sales of unused power production quota, heat, trading of coal, coal by-products, spare parts and others are recognized when the control is transferred to the customers.

2.23 Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognized as a liability in the period in which the dividends are approved by the Company's shareholders or Directors as appropriate.

2.24 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

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

(ii) has a significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of non-financial assets

The Group tests annually whether goodwill has suffered any impairment. Property, plant and equipment, right-of-use assets and other intangible assets (favourable tariff contracts and franchise rights) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group also re-measures the assets and disposal groups classified as held for sale annually to see if impairment provision is needed. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on higher of value in use calculations, which is measured at the net present value of future cash flows which are estimated based upon the continued use of the asset in the business, and fair value less costs of disposal. The recoverable amounts of other intangible assets (favourable tariff contracts and franchise rights) have been determined based on the discounted cash flow of tariff difference (Note 19) during the expected beneficial period. Assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to disposal. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment and fair value assessment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU or group of CGUs to which the asset belongs. Changing the assumptions selected by management in assessing impairment, including the future sales volume, expected tariff rates, fuel costs (if applicable), staff costs, the discount rates, growth rate and the beneficial period for the favourable tariff contracts (if applicable) assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated income statement.

For the year ended 31 December 2023, management has performed impairment assessments based on value in use calculation by measuring the recoverable amount of certain CGUs or group of CGUs associated with goodwill and certain property, plant and equipment, included in "Thermal power electricity" segment, "Hydropower electricity" segment, "Wind power electricity" segment and "Photovoltaic power electricity" segment.

As at 31 December 2023, the carrying amounts of property, plant and equipment, right-of-use assets, goodwill and other intangible assets (favourable tariff contracts and franchise rights) were RMB202,555,694,000, RMB8,494,624,000, RMB1,240,558,000 and RMB16,135,447,000 (2022: RMB142,306,292,000, RMB6,893,878,000, RMB832,388,000 and RMB8,286,390,000) respectively, of which the impairment of property, plant and equipment of RMB66,964,000 (2022: RMB14,142,000) and no impairment of goodwill (2022: RMB250,905,000) were recognized for the year then ended. Details of the impairment of property, plant and equipment and goodwill are disclosed in Notes 15(e) and Note 18 respectively.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Valuation of the provisions for compensation for inundation

The Group made provisions in relation to compensations for inundation caused by the construction of certain hydropower plants of the Group ("Inundation Compensation"). The provisions are measured at the present value of the expenditure expected to be required to settle the compensation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the compensation.

In determining the best estimate of the provisions for the Inundation Compensation, management is required to make subjective assumptions and judgements, including estimating the timing and duration of the compensation payments, the compensation per unit of area and growth rate of compensation as well as the pre-tax discount rate applied to account for time value of money and the risks specific to the compensation. Any change in assumptions or judgements applied would result in different provision amounts that would potentially affect the profit or loss and financial position of the Group significantly.

As at 31 December 2023, the provisions for Inundation Compensation were RMB1,970,037,000 (2022: RMB1,971,993,000). For the year ended 31 December 2023, management has reviewed and performed assessment on such provisions to reflect the current best estimate and no additional provisions (2022: Nil) was added to the cost of property, plant and equipment in the consolidated statement of financial position (Notes 15(d) and 40).

(iii) Current and deferred income tax expenses

The Group is subject to income taxes in various locations within PRC. Judgement is required in determining the provision for income taxes in each of these locations. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation amount in the period in which such estimate is changed.

(iv) Useful lives, residual values and depreciation charges of property, plant and equipment

The Group's management determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment, other than construction in progress. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. It could change significantly as a result of technological advancement and innovations in the power industry. Management will adjust the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write down technically obsolete. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in the future periods. As at 31 December 2023, the carrying amount of property, plant and equipment, other than construction in progress, was RMB190,754,236,000 (2022: RMB135,670,822,000).

4. REVENUE AND SEGMENT INFORMATION

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

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

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 PRC, and some of these tariff rates followed the market-oriented price mechanism.

(b) Provision of power generation represents income from the provision of power generation to other companies in the PRC which is calculated based on mutually agreed terms.

(c) Energy storage revenue includes income from the project development and integration of energy storage power stations, sales of energy storage equipment, sales of stored electricity and leasing of electricity storage capacities.

Segment information

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

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

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

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

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2023							
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue								
Sales of electricity	23,923,362	3,052,804	8,715,553	5,945,664	–	41,637,383	–	41,637,383
Provision of power generation	6,120	–	4,108	65,973	–	76,201	–	76,201
Energy storage revenue	–	–	–	–	2,548,183	2,548,183	–	2,548,183
	23,929,482	3,052,804	8,719,661	6,011,637	2,548,183	44,261,767	–	44,261,767
Segment results	2,417,941	(83,214)	4,442,535	2,649,270	80,210	9,506,742	–	9,506,742
Unallocated income	–	–	–	–	–	–	505,728	505,728
Unallocated expense	–	–	–	–	–	–	(1,297,283)	(1,297,283)
Operating profit/(loss)	2,417,941	(83,214)	4,442,535	2,649,270	80,210	9,506,742	(791,555)	8,715,187
Finance income	10,209	11,356	32,466	44,213	1,895	100,139	178,982	279,121
Finance costs	(796,671)	(892,944)	(1,335,443)	(1,063,970)	(59,504)	(4,148,532)	(125,335)	(4,273,867)
Share of results of associates	159,169	–	151,751	50,219	–	361,139	143,716	504,855
Share of results of joint ventures	20,924	–	99,800	54,029	–	174,753	26,541	201,294
Profit/(loss) before taxation	1,811,572	(964,802)	3,391,109	1,733,761	22,601	5,994,241	(567,651)	5,426,590
Income tax (expense)/credit	(496,403)	138,577	(274,990)	(229,893)	14,576	(848,133)	(44,502)	(892,635)
Profit/(loss) for the year	1,315,169	(826,225)	3,116,119	1,503,868	37,177	5,146,108	(612,153)	4,533,955
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure								
– Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	4,636,413	932,340	6,043,576	16,731,899	969,322	29,313,550	1,000,025	30,313,575
Depreciation of property, plant and equipment	1,862,827	1,567,679	2,978,653	2,132,464	46,240	8,587,863	65,811	8,653,674
Depreciation of right-of-use assets	76,895	29,316	69,328	176,361	7,277	359,177	67,697	426,874
Amortization of other intangible assets	211,432	–	280,528	157,039	–	648,999	–	648,999
Loss on disposal of property, plant and equipment, net	37,308	3,274	381	59,678	–	100,641	10	100,651
Impairment of property, plant and equipment	15,971	–	638	50,355	–	66,964	–	66,964
Loss on disposal of subsidiaries (pre-tax), net	–	–	–	–	–	–	46,925	46,925
Reversal of impairment of other receivables	(280)	(50)	(158)	–	–	(488)	(1,840)	(2,328)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	As at 31 December 2023							
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets								
Other segment assets	43,518,774	39,179,448	99,633,685	92,240,531	6,342,687	280,915,125	–	280,915,125
Goodwill	–	585,751	364,097	290,710	–	1,240,558	–	1,240,558
Interests in associates	3,024,481	–	1,735,254	325,290	–	5,085,025	2,727,808	7,812,833
Interests in joint ventures	149,961	–	1,051,147	580,375	–	1,781,483	666,996	2,448,479
	46,693,216	39,765,199	102,784,183	93,436,906	6,342,687	289,022,191	3,394,804	292,416,995
Equity instruments at FVTOCI	–	–	–	–	–	–	4,760,344	4,760,344
Deferred income tax assets	–	–	–	–	–	–	1,096,304	1,096,304
Other unallocated assets	–	–	–	–	–	–	7,533,136	7,533,136
Total assets per consolidated statement of financial position	46,693,216	39,765,199	102,784,183	93,436,906	6,342,687	289,022,191	16,784,588	305,806,779
Segment liabilities								
Other segment liabilities	(4,743,321)	(4,725,976)	(9,028,795)	(10,509,611)	(3,572,442)	(32,580,145)	–	(32,580,145)
Borrowings	(25,520,018)	(22,338,874)	(54,055,777)	(50,973,581)	(2,376,187)	(155,264,437)	(9,317,811)	(164,582,248)
	(30,263,339)	(27,064,850)	(63,084,572)	(61,483,192)	(5,948,629)	(187,844,582)	(9,317,811)	(197,162,393)
Deferred income tax liabilities	–	–	–	–	–	–	(2,849,526)	(2,849,526)
Tax payable	–	–	–	–	–	–	(496,346)	(496,346)
Other unallocated liabilities	–	–	–	–	–	–	(10,277,802)	(10,277,802)
Total liabilities per consolidated statement of financial position	(30,263,339)	(27,064,850)	(63,084,572)	(61,483,192)	(5,948,629)	(187,844,582)	(22,941,485)	(210,786,067)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

	Year ended 31 December 2022							
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue								
Sales of electricity	28,445,548	4,685,036	5,230,349	4,221,663	–	42,582,596	–	42,582,596
Provision of power generation	137,718	–	2,090	70,465	–	210,273	–	210,273
Energy storage revenue	–	–	–	–	896,260	896,260	–	896,260
	28,583,266	4,685,036	5,232,439	4,292,128	896,260	43,689,129	–	43,689,129
Segment results	730,885	1,117,060	2,665,410	2,131,527	43,219	6,688,101	–	6,688,101
Unallocated income	–	–	–	–	–	–	343,248	343,248
Unallocated gains	–	–	–	–	–	–	572,913	572,913
Operating profit	730,885	1,117,060	2,665,410	2,131,527	43,219	6,688,101	916,161	7,604,262
Finance income	7,714	14,474	8,010	39,173	855	70,226	83,398	153,624
Finance costs	(1,367,630)	(778,446)	(1,026,757)	(1,039,090)	(3,973)	(4,215,896)	(45,065)	(4,260,961)
Share of results of associates	(319,800)	4,606	59,770	30,333	–	(225,091)	69,858	(155,233)
Share of results of joint ventures	(119,377)	–	96,958	–	–	(22,419)	24,794	2,375
(Loss)/profit before taxation	(1,068,208)	357,694	1,803,391	1,161,943	40,101	2,294,921	1,049,146	3,344,067
Income tax (expense)/credit	(322,394)	(96,309)	(95,890)	(138,265)	(5,881)	(658,739)	10	(658,729)
(Loss)/profit for the year	(1,390,602)	261,385	1,707,501	1,023,678	34,220	1,636,182	1,049,156	2,685,338
Other segment information								
Amounts included in the measure of segment profit or loss or segment assets:								
Capital expenditure								
– Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	1,880,414	1,278,812	5,836,779	10,511,035	455,444	19,962,484	370,000	20,332,484
Depreciation of property, plant and equipment	2,388,746	1,667,443	1,879,957	1,281,748	13,317	7,231,211	53,739	7,284,950
Depreciation of right-of-use assets	64,987	29,483	66,660	177,789	2,298	341,217	34,873	376,090
Amortization of other intangible assets	40,205	–	35,561	61,897	–	137,663	–	137,663
Loss/(gain) on disposal of property, plant and equipment, net	233	–	(33)	(936)	–	(736)	85	(651)
Impairment of property, plant and equipment	14,142	–	–	–	–	14,142	–	14,142
Impairment of goodwill	67,712	183,193	–	–	–	250,905	–	250,905
Gain on disposal of subsidiaries (pre-tax), net	(497,343)	–	–	(8,866)	–	(506,209)	(4,654)	(510,863)
Gain on remeasurement of remaining equity interests in associates after loss of control over subsidiaries	(154,337)	–	–	–	–	(154,337)	–	(154,337)
Gain on recognition of negative goodwill	–	–	–	–	–	–	(1,551,609)	(1,551,609)
(Reversal)/provision of impairment of amounts due from related parties and other receivables	(333)	(32,010)	2,220	246	–	(29,877)	2,097	(27,780)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (Continued)

	As at 31 December 2022							
	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Segment assets								
Other segment assets	42,122,040	38,240,726	62,274,898	46,349,727	2,177,820	191,165,211	–	191,165,211
Goodwill	–	585,751	–	246,637	–	832,388	–	832,388
Interests in associates	2,243,623	23,930	781,586	422,586	–	3,471,725	1,983,457	5,455,182
Interests in joint ventures	129,037	–	644,667	39,653	–	813,357	387,657	1,201,014
	44,494,700	38,850,407	63,701,151	47,058,603	2,177,820	196,282,681	2,371,114	198,653,795
Equity instruments at FVTOCI	–	–	–	–	–	–	4,131,667	4,131,667
Deferred income tax assets	–	–	–	–	–	–	288,300	288,300
Other unallocated assets	–	–	–	–	–	–	8,331,202	8,331,202
Total assets per consolidated statement of financial position	44,494,700	38,850,407	63,701,151	47,058,603	2,177,820	196,282,681	15,122,283	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)	–	(24,053,170)
Borrowings	(24,813,007)	(24,377,720)	(34,800,167)	(25,843,726)	(779,432)	(110,614,052)	(2,285,760)	(112,899,812)
	(30,338,305)	(28,341,438)	(40,763,424)	(33,372,571)	(1,851,484)	(134,667,222)	(2,285,760)	(136,952,982)
Deferred income tax liabilities	–	–	–	–	–	–	(2,275,328)	(2,275,328)
Tax payable	–	–	–	–	–	–	(370,396)	(370,396)
Other unallocated liabilities	–	–	–	–	–	–	(3,216,153)	(3,216,153)
Total liabilities per consolidated statement of financial position	(30,338,305)	(28,341,438)	(40,763,424)	(33,372,571)	(1,851,484)	(134,667,222)	(8,147,637)	(142,814,859)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information *(Continued)*

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

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

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

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

5. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Rental income	**26,714**	35,887
Income from provision of repairs and maintenance services	**317,783**	141,932
Dividend income (Note 49(a)(ii))	**25,498**	–
Income from provision of IT and other services	**1,279,677**	546,047
Waste treatment income	**387,883**	–
Others	**282,011**	23,184
	2,319,566	747,050

6. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	**3,005,973**	2,408,883
Staff welfare	**1,176,298**	963,813
Share-based payment expenses (Note 33)	**7,422**	28,802
Pension costs — defined contribution plans	**448,943**	438,693
	4,638,636	3,840,191

7. OTHER GAINS AND LOSSES, NET

	2023 RMB'000	2022 RMB'000
Amortization of deferred income	**24,264**	21,359
Government subsidies	**367,124**	288,850
(Loss)/gain on disposal of property, plant and equipment, net	**(100,651)**	651
(Loss)/gain on disposal of subsidiaries (pre-tax), net (Note 47(b))	**(46,925)**	510,863
Gain on remeasurement of remaining equity interests in associates after loss of control over subsidiaries	**–**	154,337
Gain on recognition of negative goodwill	**–**	1,551,609
Profits on sales of unused power production quota	**1,551**	1,648
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	**140,561**	63,744
Impairment of property, plant and equipment (Note 15)	**(66,964)**	(14,142)
Impairment of goodwill (Note 18)	**–**	(250,905)
Others	**359,854**	187,631
	678,814	2,515,645

8. OTHER OPERATING EXPENSES

	2023 RMB'000	2022 RMB'000
Amortization of other intangible assets (Note 19)	**648,999**	137,663
Research and development expenses	**306,351**	228,469
Lease expenses	**96,435**	55,243
Reversal of impairment of amounts due from related parties and other receivables	**(2,328)**	(27,780)
Reservoir maintenance and usage fees	**74,906**	69,939
Operating costs related to power generation	**1,166,342**	957,118
Cost of purchase of unused power production quota	**3,942**	2,227
Administrative and selling related expenses	**711,778**	521,054
Taxes and surcharges	**370,317**	374,084
Others	**768,562**	522,813
	4,145,304	2,840,830

9. OPERATING PROFIT

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

	2023 RMB'000	2022 RMB'000
Amortization of other intangible assets	**648,999**	137,663
Auditor's remuneration	**7,860**	7,358
Research and development expenses	**306,351**	228,469
Depreciation:		
— property, plant and equipment (Note 15)	**8,653,674**	7,284,950
— right-of-use assets (Note 16)	**426,874**	376,090
Lease expenses:		
— equipment	**26,861**	28,842
— leasehold land and buildings	**69,574**	26,401
Reversal of impairment of amounts due from related parties and other receivables	**(2,328)**	(27,780)
Reservoir maintenance and usage fees	**74,906**	69,939
Cost of purchase of unused power production quota	**3,942**	2,227

10. FINANCE INCOME AND FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Finance income		
Interest income from bank deposits	**52,813**	46,550
Interest income from related parties (Note 49(a)(i))	**177,332**	84,075
Interest income from discounting effect on clean energy power price premium receivable (Note 26(b))	**48,976**	22,999
	279,121	153,624
Finance costs		
Interest expense on		
— bank borrowings	**3,198,140**	3,343,105
— borrowings from related parties (Note 49(b)(iii))	**680,292**	680,494
— other borrowings	**428,369**	368,947
— amounts due to related parties (Note 49(b)(iii))	**1,823**	4,836
— lease liabilities	**132,143**	104,100
— provisions for other long-term liabilities (Note 40)	**104,029**	104,082
	4,544,796	4,605,564
Less: amounts capitalized to property, plant and equipment	**(301,060)**	(337,528)
	4,243,736	4,268,036
Exchange loss/(gain), net	**30,131**	(7,075)
	4,273,867	4,260,961

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

11. INCOME TAX EXPENSE

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

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

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

	2023 RMB'000	2022 RMB'000
PRC current income tax		
Charge for the year	1,183,483	707,591
(Over)/under provision in prior years	(7,490)	3,922
	1,175,993	711,513
Deferred income tax		
Credit for the year (Note 23(a))	(283,358)	(52,784)
	892,635	658,729

The income tax expense on the Group's profit before taxation differs from the theoretical amount that would arise using the income tax rate of the PRC as follows:

	2023 RMB'000	2022 RMB'000
Profit before taxation	5,426,590	3,344,067
Less: Share of results of associates	(504,855)	155,233
Share of results of joint ventures	(201,294)	(2,375)
	4,720,441	3,496,925
Calculated at the PRC statutory tax rate of 25% (2022: 25%)	1,180,110	874,231
Effect on tax concession	(726,527)	(618,009)
Income not subject to taxation	(22,347)	(543,879)
Expenses not deductible for taxation purpose	30,432	99,315
Tax losses with no deferred income tax assets recognized (Note 23)	458,307	866,763
Deductible temporary differences with no deferred income tax assets recognized (Note 23)	19,613	11,627
Utilization of tax losses previously not recognized (Note 23)	(39,463)	(35,066)
Utilization of deductible temporary differences previously not recognized (Note 23)	–	(175)
(Over)/under provision in prior years	(7,490)	3,922
Income tax expense	892,635	658,729

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

12. EARNINGS PER SHARE

(a) Basic

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

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

(b) Diluted

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

13. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Final, proposed, dividend of RMB0.132 (2022: RMB0.11) per ordinary share	**1,632,860**	1,360,717
2022 final dividend paid — RMB0.11 (equivalent to HK$0.1256) per ordinary share	**1,360,717**	–
2021 final dividend paid — RMB0.05 (equivalent to HK$0.0616) per ordinary share	**–**	541,669
	1,360,717	541,669

At the Board meeting held on 21 March 2024, the Board recommended the payment of a final dividend for the year ended 31 December 2023 of RMB0.132 (equivalent to HK$0.1455 at the exchange rate announced by People's Bank of China ("PBOC") on 21 March 2024) per ordinary share (2022: RMB0.11 (equivalent to HK$0.1256) per ordinary share), totalling RMB1,632,860,000 (equivalent to HK$1,799,857,000) (2022: RMB1,360,717,000 (equivalent to HK$1,553,691,000)), which is based on 12,370,150,983 shares (2022: 12,370,150,983 shares) in issue on 21 March 2024 (2022: 23 March 2023).

This proposed dividend is not reflected as dividend payable in these consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2024.

14. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION

(a) Directors' emoluments

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses (note) RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
Year ended 31 December 2023						
Executive Directors						
Mr. HE Xi	–	456	776	87	80	1,399
Mr. GAO Ping	–	456	656	87	49	1,248
Non-executive Directors						
Mr. ZHOU Jie[3]	–	–	–	–	–	–
Mr. XU Zuyong[4]	–	–	–	–	–	–
Ms. HUANG Qinghua[5]	–	–	–	–	–	–
Independent non-executive Directors						
Mr. LI Fang	181	145	–	–	–	326
Mr. YAU Ka Chi	181	145	–	–	–	326
Mr. HUI Hon Chung, Stanley	181	136	–	–	–	317
	543	1,338	1,432	174	129	3,616

Name of Director	Fees RMB'000	Basic salary, housing allowance, other allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Share-based payment expenses (note) RMB'000	Employer's contribution to pension plans RMB'000	Total RMB'000
Year ended 31 December 2022						
Executive Directors						
Mr. HE Xi	–	540	446	318	93	1,397
Mr. GAO Ping	–	458	167	318	113	1,056
Mr. TIAN Jun[1]	–	–	111	–	–	111
Non-executive Directors						
Mr. WANG Xianchun[2]	–	–	–	–	–	–
Mr. ZHOU Jie[3]	–	–	–	–	–	–
Mr. XU Zuyong[4]	–	–	–	–	–	–
Independent non-executive Directors						
Mr. LI Fang	177	166	–	–	–	343
Mr. YAU Ka Chi	177	166	–	–	–	343
Mr. HUI Hon Chung, Stanley	177	158	–	–	–	335
	531	1,488	724	636	206	3,585

14. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(a) Directors' emoluments *(Continued)*

(1) Mr. TIAN Jun resigned as an executive Director and the Chairman of the Board with effect from 12 April 2021. For the year ended 31 December 2022, the discretionary bonus represented the back pay performance bonus for year 2021.

(2) Mr. WANG Xianchun had agreed to waive his director fees during his directorship with the Company. Mr. WANG Xianchun resigned as a non-executive Director with effect from 25 February 2022.

(3) Mr. ZHOU Jie was appointed as a non-executive Director with effect from 12 April 2021. Mr. ZHOU Jie had agreed to waive his director fees during his directorship with the Company.

(4) Mr. XU Zuyong was appointed as a non-executive Director with effect from 25 February 2022. Mr. XU Zuyong had agreed to waive his director fees during his directorship with the Company. Mr. XU Zuyong resigned as a non-executive Director with effect from 8 June 2023.

(5) Ms. HUANG Qinghua was appointed as a non-executive Director with effect from 8 June 2023. Ms. HUANG Qinghua had agreed to waive her director fees during her directorship with the Company.

The executive Directors' emoluments shown above were for their management role in connection with the management services of the affairs of the Group. The non-executive Directors' and independent non-executive Directors' emoluments shown above were for their services as directors of the Company.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2022: two) Directors. The emoluments payable to the remaining three (2022: three) individuals during the year are as follows:

	2023 RMB'000	2022 RMB'000
Basic salaries, housing allowance, other allowances and benefits in kind	1,598	1,474
Discretionary bonuses	654	797
Share-based payment expenses (note)	184	668
Employer's contribution to pension plans	156	228
	2,592	3,167

Their emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Nil to HK$1,000,000 (equivalent to RMB906,000 (2022: RMB893,000))	2	–
HK$1,000,001 to HK$1,500,000 (equivalent to RMB906,001 to RMB1,359,000 (2022: RMB893,001 to RMB1,340,000))	1	3

During both years, no emoluments have been paid by the Group to the Directors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EMOLUMENTS FOR DIRECTORS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT REMUNERATION (CONTINUED)

(c) Senior management remuneration by band

Senior management is defined as the same persons whose biographical details are disclosed in the "Directors and Senior Management Profiles" section in the annual report. Their emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Nil to HK$1,000,000 (equivalent to RMB906,000 (2022: RMB893,000))	**9**	5
HK$1,000,001 to HK$1,500,000 (equivalent to RMB906,001 to RMB1,359,000 (2022: RMB893,001 to RMB1,340,000))	**1**	6

Note:

The remuneration in form of share-based payment expenses are the fair values of share options granted to executive Directors and eligible employees, which are determined at the respective dates of grant and expensed over the vesting period (unless the share options are forfeited before vesting), regardless of whether these share options are exercised or not during the year.

15. PROPERTY, PLANT AND EQUIPMENT

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2023	26,368,678	27,819,532	103,567,077	9,667,402	6,588,380	457,108	6,698,232	181,166,409
Additions and transfer from prepayments	–	–	–	5,878	74,574	8,223	28,886,317	28,974,992
Acquisitions of subsidiaries (Note 48)	–	2,700,634	30,411,382	2,499,834	2,423,441	100,863	3,864,520	42,000,674
Disposals	–	(57,163)	(86,333)	–	(961)	–	–	(144,457)
Disposal of a subsidiary (Note 47(b))	–	–	–	–	–	–	(4,133,475)	(4,133,475)
Reclassified from right-of-use assets (Note 16)	–	17,891	1,923,863	–	–	–	277,254	2,219,008
Transfer between categories	–	1,498,468	16,984,606	1,661,215	3,544,412	32,679	(23,721,380)	–
At 31 December 2023	26,368,678	31,979,362	152,800,595	13,834,329	12,629,846	598,873	11,871,468	250,083,151
Accumulated depreciation and impairment losses								
At 1 January 2023	6,560,434	7,697,282	18,930,306	3,055,525	2,189,922	363,886	62,762	38,860,117
Depreciation charge for the year (Note 9)	937,326	1,186,877	4,990,658	854,239	625,464	59,110	–	8,653,674
Impairment loss recognized for the year (note (e))	–	–	59,716	–	–	–	7,248	66,964
Disposals	–	(17,004)	(35,935)	–	(359)	–	–	(53,298)
At 31 December 2023	7,497,760	8,867,155	23,944,745	3,909,764	2,815,027	422,996	70,010	47,527,457
Net book value								
At 31 December 2023	18,870,918	23,112,207	128,855,850	9,924,565	9,814,819	175,877	11,801,458	202,555,694

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Dam RMB'000	Buildings and leasehold improvements RMB'000	Power generators and equipment RMB'000	Electricity supply equipment RMB'000	Furniture and fixtures, tools and other equipment RMB'000	Transportation facilities RMB'000	Construction in progress RMB'000	Total RMB'000
Cost								
At 1 January 2022	26,362,406	29,359,770	82,705,611	10,477,960	7,560,304	524,442	14,207,112	171,197,605
Additions and transfer from prepayments	–	999	3,888	8,440	38,940	4,978	16,469,145	16,526,390
Acquisitions of subsidiaries	–	725,296	10,102,394	600,102	369,700	7,636	130,683	11,935,811
Disposals	–	(1,020)	(16,582)	(14,550)	(20,178)	(3,967)	(16,395)	(72,692)
Disposal of subsidiaries	–	(4,082,324)	(10,865,347)	(1,807,364)	(1,577,580)	(95,179)	(283,888)	(18,711,682)
Reclassified from right-of-use assets (Note 16)	–	8,921	243,028	–	39,028	–	–	290,977
Transfer between categories	6,272	1,807,890	21,394,085	402,814	178,166	19,198	(23,808,425)	–
At 31 December 2022	26,368,678	27,819,532	103,567,077	9,667,402	6,588,380	457,108	6,698,232	181,166,409
Accumulated depreciation and impairment losses								
At 1 January 2022	5,646,688	8,881,486	20,196,840	3,876,575	2,935,370	394,352	79,157	42,010,468
Depreciation charge for the year (Note 9)	913,746	1,008,678	4,520,508	421,539	363,095	57,384	–	7,284,950
Impairment loss recognized for the year (note (e))	–	–	–	–	–	–	14,142	14,142
Disposals	–	(34)	(13,211)	(4,178)	(15,006)	(3,638)	(16,395)	(52,462)
Disposal of subsidiaries	–	(2,192,848)	(5,773,831)	(1,238,411)	(1,093,537)	(84,212)	(14,142)	(10,396,981)
At 31 December 2022	6,560,434	7,697,282	18,930,306	3,055,525	2,189,922	363,886	62,762	38,860,117
Net book value								
At 31 December 2022	19,808,244	20,122,250	84,636,771	6,611,877	4,398,458	93,222	6,635,470	142,306,292

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

(a) Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values, as follows:

Dam	30–50 years
Buildings	8–45 years
Leasehold improvements	Shorter of 5 years and over the lease term
Power generators and equipment	9–28 years
Electricity supply equipment	13–30 years
Furniture and fixtures	3–5 years
Tools and other equipment	3–18 years
Transportation facilities	2–12 years

(b) As at 31 December 2023, the legal titles of certain properties of the Group with a net book value of RMB2,314,715,000 (2022: RMB1,757,081,000) have not been transferred to the Group. However, the Directors are of the opinion that the risks and rewards of using these assets have been transferred to the Group.

In addition, certain of the Group's property, plant and equipment are situated on right-of-use assets (leasehold land) in the PRC which were granted, free of charge, by the relevant government authorities to the relevant subsidiaries of the Group with no specific terms of usage.

(c) As at 31 December 2023, certain property, plant and equipment of the Group with a net book value of RMB2,235,221,000 (2022: RMB1,849,800,000) were pledged as security for certain bank borrowings (Note 36(d)) and other borrowings (Note 38(b)) of the Group (2022: certain bank borrowings (Note 36(d))).

(d) For the year ended 31 December 2023, no additional provision was made to the cost of dam arising from review and assessment conducted during the year (2022: Nil).

(e) For the year ended 31 December 2023, management has performed impairment assessment on certain property, plant and equipment with impairment indication included in "Thermal power electricity" segment and "Photovoltaic power electricity" segment.

The recoverable amounts of the associated CGUs had been determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the current production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. For certain CGUs in "Photovoltaic power electricity" segment, the growth rates in electricity sold (including sales of power production quota) and pre-tax discount rates used for value in use calculations were 0% (2022: 0% to 2%) and 8.73% (2022: 7.29% to 8.81%) respectively. For certain CGUs in "Thermal power electricity" segment, the growth rates in electricity sold (including sales of power production quota) and pre-tax discount rates used for value in use calculations range from 0% to 7% (2022: 0% to 2%) and from 8.73% to 9.48% (2022: 7.29% to 8.81%) respectively. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. In addition, management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates, fuel costs and staff costs. Based on the result of the assessments, impairment losses of RMB43,745,000 were recognized in "Photovoltaic power electricity" segment for the year ended 31 December 2023 (2022: Nil).

To meet the requirements of the new environmental protection policy, certain property, plant and equipment in "Thermal power electricity" segment was upgraded and transformed. As a result, impairment losses of RMB15,971,000 were recognized for the year ended 31 December 2023 (2022: Nil).

In addition, it was identified that the likelihood of the Group in obtaining necessary approval to continue construction in certain projects in "Photovoltaic power electricity" segment and "Wind power electricity" segment (2022: "Thermal power electricity" segment) was remote as at 31 December 2023. As a result, the carrying amount of these constructions in progress of RMB7,248,000 (2022: RMB14,142,000) was provided for as impairment.

For the year ended 31 December 2023, above-mentioned impairments aggregated to RMB66,964,000 (2022: RMB14,142,000) (Note 7).

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Buildings RMB'000	Equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost					
At 1 January 2023	4,073,657	393,344	2,858,533	449,139	7,774,673
Additions	823,199	182,421	258,203	91,130	1,354,953
Acquisitions of subsidiaries (Note 48)	1,613,328	192,528	1,186,693	–	2,992,549
Reclassified to property, plant and equipment (Note 15)	–	(34,288)	(2,196,563)	(277,254)	(2,508,105)
Disposal of a subsidiary (Note 47(b))	(76,973)	–	–	–	(76,973)
Early termination	(20,364)	(20,617)	–	–	(40,981)
At 31 December 2023	6,412,847	713,388	2,106,866	263,015	9,496,116
Accumulated depreciation					
At 1 January 2023	287,714	156,772	436,309	–	880,795
Depreciation charge for the year (Note 9)	159,542	96,119	171,213	–	426,874
Reclassified to property, plant and equipment (Note 15)	–	(16,396)	(272,701)	–	(289,097)
Disposal of a subsidiary (Note 47(b))	(1,489)	–	–	–	(1,489)
Early termination	(3,685)	(11,906)	–	–	(15,591)
At 31 December 2023	442,082	224,589	334,821	–	1,001,492
Net book value					
At 31 December 2023	5,970,765	488,799	1,772,045	263,015	8,494,624
For the year ended 31 December 2023					
Expenses relating to short-term leases and other leases with lease terms end within 12 months from the date of initial application of HKFRS 16	–	68,733	26,119	–	94,852
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	–	842	741	–	1,583
Additions to right-of-use assets (Note 39)	2,436,527	374,949	1,444,896	91,130	4,347,502

16. RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold lands RMB'000	Buildings RMB'000	Equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost					
At 1 January 2022	2,972,331	419,324	3,185,676	244,431	6,821,762
Additions	498,025	83,096	4,382	204,708	790,211
Acquisitions of subsidiaries	821,203	2,158	34,121	–	857,482
Reclassified to property, plant and equipment (Note 15)	–	(9,221)	(365,646)	–	(374,867)
Disposal of subsidiaries	(217,902)	(3,634)	–	–	(221,536)
Early termination	–	(98,379)	–	–	(98,379)
At 31 December 2022	4,073,657	393,344	2,858,533	449,139	7,774,673
Accumulated depreciation					
At 1 January 2022	205,710	127,235	336,633	–	669,578
Depreciation charge for the year (Note 9)	120,376	72,448	183,266	–	376,090
Reclassified to property, plant and equipment (Note 15)	–	(300)	(83,590)	–	(83,890)
Disposal of subsidiaries	(38,372)	(756)	–	–	(39,128)
Early termination	–	(41,855)	–	–	(41,855)
At 31 December 2022	287,714	156,772	436,309	–	880,795
Net book value					
At 31 December 2022	3,785,943	236,572	2,422,224	449,139	6,893,878
For the year ended 31 December 2022					
Expenses relating to short-term leases and other leases with lease terms end within 12 months from the date of initial application of HKFRS 16	–	26,206	28,052	–	54,258
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	–	195	790	–	985
Additions to right-of-use assets (Note 39)	1,319,228	85,254	38,503	204,708	1,647,693

16. RIGHT-OF-USE ASSETS (CONTINUED)

Note:

For both years, the Group leases leasehold land, buildings, equipment and components of power generators included in construction in progress for its operations. Lease contracts are entered into for fixed term of 2 to 20 years, but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for equipment. As at 31 December 2023, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expense was recognized and as disclosed in Note 9.

The total cash outflow for leases is disclosed in Note 44(b).

Extension options

The Group has extension options in a number of leases for leasehold land. The majority of extension options held are exercisable only by the Group and not by the respective lessors.

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Based on the assessment, the extension option of leasehold land lease was reasonably certain to be exercised so that the extension period was included in lease period.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2023 and 2022, there is no such triggering event.

17. PREPAYMENTS FOR CONSTRUCTION OF POWER PLANTS

Prepayments for construction of power plants represent advance payments made to contractors in connection with the construction of the Group's power plants including payments for equipment and machinery pending delivery to the relevant power plants for installation.

As at 31 December 2023, the balance of prepayments for construction of power plants includes an amount of RMB603,335,000 (2022: RMB1,397,007,000), which was prepayments to related parties (companies controlled by SPIC other than SPIC Financial Company Limited ("SPIC Financial"), associates and non-controlling shareholders of subsidiaries) for construction of power plants.

18. GOODWILL

	2023 RMB'000	2022 RMB'000
Cost		
At 1 January	**1,334,831**	1,334,831
Acquisitions of subsidiaries (Note 48)	**408,170**	–
At 31 December	**1,743,001**	1,334,831
Accumulated impairment losses		
At 1 January	**502,443**	251,538
Impairment loss recognized for the year (Note 7)	**–**	250,905
At 31 December	**502,443**	502,443
Net book value		
At 1 January	**832,388**	1,083,293
At 31 December	**1,240,558**	832,388

Goodwill is allocated to the Group's CGU or groups of CGUs identified according to operating arrangement. The accumulated impairment losses relate to "Thermal power electricity" segment and "Hydropower electricity" segment.

A segment-level summary of the goodwill allocation at cost before impairment and at net book value is presented below:

	Thermal power electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Total RMB'000
Cost					
At 31 December 2022	234,651	853,543	–	246,637	1,334,831
At 31 December 2023	**234,651**	**853,543**	**364,097**	**290,710**	**1,743,001**
Net book value					
At 31 December 2022	–	585,751	–	246,637	832,388
At 31 December 2023	**–**	**585,751**	**364,097**	**290,710**	**1,240,558**

Notes:

(a) For the purpose of impairment assessment, the recoverable amount of each CGU or group of CGUs is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management for the purposes of impairment assessment covering a five-year period. Annual cash flows beyond the five-year period are expected to be similar to that of the fifth year based on the then production capacity, taking into account of the expected remaining useful lives of the relevant underlying operating assets.

18. GOODWILL (CONTINUED)

Notes: *(Continued)*

(b) Management prepared the financial budgets taking into account of the actual and prior years' performance and market development expectations. For certain CGUs in "Thermal power electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations range was 0% and 8.63% respectively in 2022. For certain CGUs in "Hydropower electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations range from 0% to 5% (2022: 0% to 2%) and at 8.5% (2022: 6.73% to 8.5%) respectively. For certain CGUs in "Photovoltaic power electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations range from 0% to 5% (2022: 0% to 7.2%) and range from 8.7% to 9.3% (2022: 9.3%) respectively. For certain CGUs in "Wind power electricity" segment, the growth rates in electricity sold and pre-tax discount rates used for value in use calculations range from 0% to 5% (2022: Nil) and range from 8.35% to 8.7% (2022: Nil) respectively. Management estimates the growth rates in electricity sold by reference to the expected demand for electricity in the regions where the power plants are located. In addition, management estimates the discount rates using pre-tax rate that reflects market assessments of the time value of money and the specific risks relating to the CGUs. Other key assumptions applied in the impairment assessment include the expected tariff rates and staff costs.

(c) Management of the Group has performed impairment test of goodwill of related CGUs. Based on the value in use calculation and the allocation, no impairment provision (2022: RMB250,905,000) was required to make against the carrying amount of goodwill for the year ended 31 December 2023.

19. OTHER INTANGIBLE ASSETS

	2023 RMB'000	2022 RMB'000
Cost		
At 1 January	**8,586,545**	1,097,600
Acquisitions of subsidiaries (Note 48(a))	**8,498,056**	7,490,945
Disposal of a subsidiary	**–**	(2,000)
At 31 December	**17,084,601**	8,586,545
Accumulated amortization		
At 1 January	**300,155**	162,800
Amortization charge for the year (Note 8)	**648,999**	137,663
Disposal of a subsidiary	**–**	(308)
At 31 December	**949,154**	300,155
Net book value		
At 1 January	**8,286,390**	934,800
At 31 December	**16,135,447**	8,286,390

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

The Group acquired the favourable tariff contracts and franchise rights of RMB8,498,056,000 on acquisitions of certain subsidiaries during the current year (2022: RMB7,490,945,000). Further details are disclosed in Note 48(a).

20. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investment in associates	**7,165,530**	5,568,076
Share of undistributed post-acquisition reserves	**647,303**	(112,894)
	7,812,833	5,455,182

As at 31 December 2023, interests in associates include goodwill of RMB158,732,000 (2022: RMB158,732,000).

There are no contingent liabilities relating to the Group's interests in associates and these associates did not have any material contingent liabilities as at 31 December 2023 and 2022.

Dividends from associates for the year ended 31 December 2023 amounted to RMB144,609,000 (2022: RMB23,817,000).

The followings are the details of the associates as at 31 December 2023:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Sichuan Energy Investment Development Co., Ltd. ("Sichuan Energy Investment") (四川能投發展股份有限公司)	The PRC	RMB1,074,358,000	9.13% (note)	-	Joint stock, limited liability company with its H-shares listed on the Stock Exchange	Energy investment
Jiangsu Changshu Electric Power Generating Company Limited ("Changshu Power Plant") (江蘇常熟發電有限公司)	The PRC	RMB2,685,000,000	50%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Guizhou Pu'an Diguapo Coal Industry Co., Ltd. (貴州普安地瓜坡煤業有限公司)	The PRC	RMB630,000,000/ RMB94,500,000	35%	-	Sino-foreign equity joint venture	Coal management and consultancy service
Hunan China Resources Power Liyujiang Company Limited (湖南華潤電力鯉魚江有限公司)	The PRC	RMB573,660,000	-	40%	Sino-foreign equity joint venture	Generation and sale of electricity
Hunan Nuclear Power Company Limited (湖南核電有限公司)	The PRC	RMB389,600,000/ RMB369,480,000	-	20%	Limited liability company	Generation and sale of electricity
Jiangsu Changdian Environmental Technology Company Limited (江蘇常電環保科技有限公司)	The PRC	RMB8,000,000	-	50%	Limited liability company	Sale of electricity generation by-products
Gui'an New District Power Distribution and Sales Company Limited ("Gui'an New District") (貴安新區配售電有限公司)	The PRC	RMB1,500,000,000/ RMB844,351,000	8% (note)	-	Sino-foreign equity joint venture	Distribution and sale of electricity
Sujin Energy Holding Company Limited ("Sujin Energy") (蘇晉能源控股有限公司)	The PRC	RMB6,000,000,000/ RMB4,574,373,000	-	9.5% (note)	Limited liability company	Generation and sale of electricity
Yibin Fuxi Fly Ash Development Co., Ltd. (宜賓福溪粉煤灰開發有限公司)	The PRC	RMB5,800,000	-	39%	Limited liability company	Sale of coal by-products
Shangdianpingnan New Energy Company Limited ("Shangdianpingnan") (上電平南新能源有限公司)	The PRC	RMB97,182,000	-	12.35% (note)	Limited liability company	Generation and sale of electricity

20. INTERESTS IN ASSOCIATES (CONTINUED)

The followings are the details of the associates as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Shandong Green Energy Investment Co., Ltd. (山東綠色能源投資有限公司)	The PRC	RMB4,000,000,000/ RMB2,880,000,000	-	30%	Limited liability company	Energy investment
SPIC Anhui Hailuo Electricity Power Sales Co., Ltd. (國家電投集團安徽海螺售電有限公司)	The PRC	RMB200,000,000/ RMB2,000,000	-	50%	Limited liability company	Generation and sale of electricity
Shanghai Qiyuanxin Power Technology Co., Ltd. (上海啟源芯動力科技有限公司)	The PRC	RMB405,199,000/ RMB393,175,000	27.12%	-	Sino-foreign equity joint venture	Provision of technical services
China Power Shentou Power Generating Company Limited ("CP Shentou") (中電神頭發電有限責任公司)	The PRC	RMB1,000,000,000/ RMB900,309,000	-	40%	Limited liability company	Generation and sale of electricity
Heze Lvyuan New Energy Co., Ltd. ("Heze Lvyuan") (菏澤綠源新能源有限公司)	The PRC	RMB123,750,000/ RMB113,063,000	-	11% (note)	Limited liability company	Generation and sale of electricity
Qingdao Lvhe New Energy Management Co., Ltd. (青島綠和新能源管理有限公司)	The PRC	RMB45,000,000	-	20%	Limited liability company	Generation and sale of electricity
Hubei Lvhe New Energy Co., Ltd. (湖北綠和新能源有限公司)	The PRC	RMB239,630,000	-	20%	Sino-foreign equity joint venture	Generation and sale of electricity
Hunan Energy Big Data Center Co., Ltd. ("Hunan Energy Big Data") (湖南能源大數據中心有限責任公司)	The PRC	RMB300,000,000/ RMB100,000,000	-	9% (note)	Limited liability company	Software and information technology services
China Power Yuchuang (Suzhou) Intelligent Technology Co., Ltd. (中電昱創(蘇州)智能科技有限公司)	The PRC	RMB10,000,000/ RMB9,600,000	-	35%	Limited liability company	Provision of technical services
China Power Lubei Clean Energy (Shandong) Co., Ltd. (中電魯北清潔能源(山東)有限公司)	The PRC	RMB30,000,000/ RMB8,519,000	-	45%	Limited liability company	Generation and sale of electricity
China Power Investment Xinnongchuang Technology Co., Ltd. (中電投新農創科技有限公司)	The PRC	RMB200,000,000	36%	-	Sino-foreign equity joint venture	Energy investment
Xinyuan Ronghe (Beijing) Power Co., Ltd. ("Xinyuan Ronghe") (新源融合(北京)電力有限公司)	The PRC	RMB2,000,000,000/ RMB1,208,911,000	40%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Beijing CPI Huizhi Technology Co., Ltd. ("CP Huizhi") (北京中電滙智科技有限公司)	The PRC	RMB20,000,000	49%	-	Sino-foreign equity joint venture	Provision of technical services
State Power Investment (Haiyang) New Energy Development Co., Ltd. (國電投(海陽)新能源發展有限公司)	The PRC	RMB1,200,000,000/ RMB1,954,000,000	-	47%	Limited liability company	Generation and sale of electricity
Wuhan Lvxi New Energy Co., Ltd. (武漢綠曦新能源有限公司)	The PRC	RMB379,702,000/ RMB364,702,000	-	20%	Sino-foreign equity joint venture	Generation and sale of electricity
Shanghai Minglv New Energy Co., Ltd. (上海明綠新能源有限公司)	The PRC	RMB20,000,000	-	35%	Sino-foreign equity joint venture	Generation and sale of electricity

20. INTERESTS IN ASSOCIATES (CONTINUED)

The followings are the details of the associates as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Huayuan Anneng (Tianjin) Energy Investment Partnership (Limited Partnership) ("Huayuan Anneng") (華源安能(天津)能源投資合夥企業(有限合夥))	The PRC	RMB1,526,000,000/ RMB1,327,000,000	-	16.38% (note)	Limited partnership	Energy investment
Diantou Lvdong Fusion New Energy Co., Ltd. (電投綠動融和新能源湖北有限公司)	The PRC	RMB500,000,000/ RMB491,122,000	-	35%	Sino-foreign equity joint venture	Generation and sale of electricity
Diantou Fusion (Fujian) New Energy Co., Ltd.# (電投融和(福建)新能源有限公司)	The PRC	RMB500,000,000/ RMB75,258,000	-	35%	Limited liability company	Generation and sale of electricity
Zhangzhou Huandian New Energy Technology Co., Ltd.# ("Zhangzhou Huandian") (漳州煥電新能源科技有限公司)	The PRC	RMB5,000,000/ RMB556,000	-	15% (note)	Limited liability company	Generation and sale of electricity
Fuxin Huashun Wind Power Generation Co., Ltd.# (阜新華順風力發電有限公司)	The PRC	RMB153,000,000	-	49%	Limited liability company	Generation and sale of electricity
Shanxi Power Investment Jianneng Technology Co., Ltd.# (山西電投建能科技有限公司)	The PRC	RMB50,000,000	-	20%	Limited liability company	Generation and sale of electricity
Shanxi Power Investment Jinhe New Energy Co., Ltd.# (山西電投晉和新能源有限責任公司)	The PRC	RMB500,000,000/ RMB350,940,000	-	35%	Limited liability company	Generation and sale of electricity
Hunan Power Investment Zhigu Smart Energy Co., Ltd.^# ("Hunan Zhigu") (湖南電投智谷智慧能源有限公司)	The PRC	RMB198,122,000	-	10% (note)	Sino-foreign equity joint venture	Provision of technical services
Guangxi Haifeng Clean Energy Co., Ltd.^# ("Guangxi Haifeng") (廣西海風清潔能源有限公司)	The PRC	RMB2,000,000,000/ RMB380,000,000	-	51% (note)	Sino-foreign equity joint venture	Generation and sale of electricity
Guangxi Guodian Guihe New Energy Investment Co., Ltd.^# (廣西國電投桂和新能源投資有限公司)	The PRC	RMB100,000,000/ RMB6,000,000	-	49%	Limited liability company	Energy investment
Qianxinan Qinglong AnBao Coal Mine Co., Ltd.# (黔西南州晴隆安寶煤礦有限公司)	The PRC	RMB50,000,000	25%	-	Sino-foreign equity joint venture	Coal mining
Diantou Huirong New Energy Co., Ltd.^# (電投徽融新能源有限公司)	The PRC	RMB500,000,000/ RMB246,458,000	-	35%	Limited liability company	Generation and sale of electricity
Diantou Chuangxing Green New Energy (Anhui) Venture Capital Partnership Enterprise (Limited Partnership) ^# 電投創興綠色新能（安徽）創業投資合夥企業 (有限合夥)	The PRC	RMB2,000,000,000/ RMB600,000,000	-	30%	Limited partnership	Investment management

^ Not commenced operation yet.
\# Newly set up or acquired in 2023.

Note:

The Group could exercise significant influence over Sichuan Energy Investment, Gui'an New District, Sujin Energy, Shangdianpingnan, Heze Lvyuan, Hunan Energy Big Data, Huayuan Anneng, Zhangzhou Huandian and Hunan Zhigu through its representative on their boards of directors, and therefore classified these nine companies as associates.

In accordance with the articles of Guangxi Haifeng, decisions on annual financial budget plan, profit distribution and loss recovery plans should be approved by more than 2/3 voting rights. Thus the minimum decision-making voting rights could not be achieved by the Group alone. Therefore, the Group recognizes this equity investment as an interest in an associate.

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarized unaudited financial information of a material associate

In the opinion of the Directors, Changshu Power Plant and its subsidiary (collectively referred to as "Changshu Group") is a material associate to the Group and its summarized unaudited financial information is set out below:

Summarized consolidated statement of financial position

	Changshu Group	
	2023 RMB'000	2022 RMB'000
Non-current assets	**6,544,927**	7,078,818
Current assets	**1,325,812**	1,703,792
Non-current liabilities	**(2,477,694)**	(2,363,389)
Current liabilities	**(1,719,243)**	(3,390,388)
Net assets	**3,673,802**	3,028,833

Summarized consolidated income statement and consolidated statement of comprehensive income

	Changshu Group	
	2023 RMB'000	2022 RMB'000
Revenue	**7,655,218**	7,996,099
Profit/(loss) and total comprehensive income/(expense) for the year	**461,135**	(593,754)
Interest on perpetual debts classified as equity	**(3,135)**	(2,030)

Reconciliation of summarized unaudited financial information

Reconciliation of summarized unaudited financial information presented above to the carrying amount of interests in Changshu Group is as follows:

	Changshu Group	
	2023 RMB'000	2022 RMB'000
Opening net assets	**3,028,833**	3,171,537
Profit/(loss) and total comprehensive income/(expense) for the year	**461,135**	(593,754)
Capital invested by holders of other equity instruments	**199,440**	451,050
Dividend paid	**(15,606)**	–
Closing net assets	**3,673,802**	3,028,833
Group's share of net assets of associate, excluding perpetual debts	**3,018,147**	2,575,753
Interest in associate (at 50%) — At carrying amount	**1,509,074**	1,287,877

20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2023 RMB'000	2022 RMB'000
The Group's share of results and total comprehensive income for the year	**275,855**	142,659
Aggregate carrying amount of the Group's interests	**6,303,759**	4,167,305

21. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Unlisted investments, at cost	**2,530,357**	1,462,986
Share of undistributed post-acquisition reserves	**74,492**	(105,602)
Less: Accumulated impairment (note)	**(156,370)**	(156,370)
	2,448,479	1,201,014

Note: It represents the full impairment on the carrying amount of the Group's interest in Chuanjing Coal (as defined below) provided in 2015.

The followings are the details of the joint ventures as at 31 December 2023:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Sichuan Guangwang Group Chuanjing Coal Industry Company Limited ("Chuanjing Coal") (四川廣旺集團船景煤業有限責任公司)	The PRC	RMB472,000,000	49%	-	Sino-foreign equity joint venture	Coal mining
Guangzhou Zhongdian Lixin Thermal Electric Co. Ltd. (廣州中電荔新熱電有限公司)	The PRC	RMB604,000,000	50%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Henan Zhongping Coal & Electricity Co., Ltd. (河南中平煤電有限責任公司)	The PRC	RMB131,880,000	50%	-	Sino-foreign equity joint venture	Coal transportation and selling
SPIC Guangxi Beibu Gulf (Qinzhou) Thermal Power Co., Ltd. ("Beibu Gulf Thermal Power") (國家電投集團廣西北部灣(欽州)熱電有限公司)	The PRC	RMB125,471,000	-	51% (note)	Limited liability company	Generation and sale of electricity
Guangxi SPIC Overseas Energy Investment Co., Ltd. ("Guangxi Overseas") (廣西國電投海外能源投資有限公司)	The PRC	RMB1,300,000,000	-	40%	Limited liability company	Energy investment
Tianjin Dongfu Zengxiao Investment Management Center (limited partnership) ("Tianjin Dongfu") (天津東富增效投資管理中心(有限合夥))	The PRC	RMB766,303,000/ RMB766,293,000	35%	-	Limited partnership	Investment activity
Hubei Power Investment New Energy Investment Co., Ltd. (湖北電投新能源投資有限公司)	The PRC	RMB250,000,000/ RMB69,629,000	-	40%	Limited liability company	Generation and sale of electricity

21. INTERESTS IN JOINT VENTURES (CONTINUED)

The followings are the details of the joint ventures as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
Ruihua (Shenzhen) Integrated Smart Energy Co., Ltd. (睿華(深圳)綜合智慧能源有限公司)	The PRC	RMB250,000,000/ RMB95,602,000	50%	-	Sino-foreign equity joint venture	Provide technical services
Anhui Power Investment Xintuo Energy Development Co., Ltd. (安徽電投新拓能源發展有限公司)	The PRC	RMB10,000,000/ RMB487,576,000	-	20%	Limited liability company	Generation and sale of electricity
Yineng Xinyuan Energy Technology Co., Ltd.^# (易能新源能源科技有限責任公司)	The PRC	RMB200,000,000/ RMB100,000,000	50%	-	Sino-foreign equity joint venture	Provide technical services
Shenzhen Fenghe Energy Investment Co., Ltd.# (深圳峰和能源投資有限公司)	The PRC	RMB580,000,000/ RMB400,000,000	-	50%	Limited liability company	Provide technical services
Shanxi Jingtai New Energy Co., Ltd.# (山西京太新能源有限公司)	The PRC	RMB271,564,000	-	35%	Limited liability company	Generation and sale of electricity
Beiliu Lingrui New Energy Co., Ltd.^# (北流凌瑞新能源有限公司)	The PRC	RMB5,000,000/ RMB15,000,000	-	50%	Limited liability company	Generation and sale of electricity
Hunan Light Power Investment New Energy Co., Ltd.^# (湖南輕電投新能源有限公司)	The PRC	RMB250,000,000/ RMB333,400,000	-	40%	Limited liability company	Generation and sale of electricity
Shandong Huandian New Energy Technology Co., Ltd.# (山東煥電新能源科技有限公司)	The PRC	RMB20,000,000/ RMB7,061,000	-	49%	Limited liability company	Provision of technical services
Anhui Power Investment Xinneng Energy Development Co., Ltd.# (安徽電投信能能源發展有限公司)	The PRC	RMB87,000,000/ RMB86,350,000	-	20%	Limited liability company	Generation and sale of electricity
Shanxi Zhongling New Energy Co., Ltd.^# (山西眾凌新能源有限公司)	The PRC	RMB5,000,000/ RMB41,000,000	-	40%	Limited liability company	Provision of technical services

^ Not commenced operation yet.
# Newly set up or acquired in 2023.

Note:

In accordance with the articles of Beibu Gulf Thermal Power, decisions on business and investment plan, annual financial budget plan, profit distribution and loss recovery plans should be approved by more than 2/3 voting rights. Thus the minimum decision-making voting rights could not be achieved by the Group alone and the relevant activities require the unanimous consent of the two shareholders. Therefore, the Group recognizes this equity investment as an interest in a joint venture.

None of the joint ventures was individually material.

There were no contingent liabilities relating to the Group's interests in the joint ventures and the joint ventures did not have any material contingent liabilities as at 31 December 2023 and 2022.

Dividend from joint ventures for the year ended 31 December 2023 amounted to RMB58,684,000 (2022: RMB3,079,000).

22. EQUITY INSTRUMENTS AT FVTOCI

	2023 RMB'000	2022 RMB'000
Unlisted equity investments in the PRC (note (a))	**1,686,892**	495,112
Listed equity securities in the PRC		
— Shanghai Electric Power Co., Ltd. ("Shanghai Power") (note (b))	**3,073,452**	3,636,555
	4,760,344	4,131,667

Notes:

(a) Unlisted equity investments mainly represent interests in certain unlisted companies which are principally engaged in financial services, coal production and electricity trading services respectively. The Directors have elected to designate these investments as equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

(b) Details of the equity securities listed in the PRC held directly by the Company as at 31 December 2023 and 2022 are as follows:

Name of company	Place of establishment and operation	Registered and paid up capital	Equity interest attributable to the Group	Type of legal entity	Principal activity
Shanghai Power#	The PRC	RMB2,816,744,000	12.90%	Joint stock, limited liability company with its A-share listed on the Shanghai Stock Exchange	Investment holdings and generation and sale of electricity

\# Shanghai Power is a subsidiary of SPIC.

The equity securities are not held for trading. Instead, they are held for long-term strategic purposes. The Directors have elected to designate these equity securities as equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these equity securities' fair value in profit or loss would not be consistent with the Group's strategy of holding these equity securities for long-term purposes and realizing their performance potential in the long run.

23. DEFERRED INCOME TAXES

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates enacted or substantively enacted by the end of reporting period.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	2023 RMB'000	2022 RMB'000
Deferred income tax assets	**1,096,304**	288,300
Deferred income tax liabilities	**(2,849,526)**	(2,275,328)
Net deferred income tax liabilities	**(1,753,222)**	(1,987,028)

23. DEFERRED INCOME TAXES (CONTINUED)

Notes:

(a) The net movements in the deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Accelerated tax depreciation RMB'000	Decelerated tax depreciation RMB'000	Changes in fair value RMB'000	Provisions RMB'000	Tax losses RMB'000	Right-of-use assets/lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	(1,796,981)	84,326	(624,313)	191,423	–	2,080	156,437	(1,987,028)
Acquisition of subsidiaries (Note 48)	(618,415)	428,275	–	–	–	3,008	–	(187,132)
Credited/(charged) to profit or loss (Note 11)	52,364	(22,443)	–	(516)	159,413	6,188	88,352	283,358
Credited to other comprehensive income	–	–	137,580	–	–	–	–	137,580
At 31 December 2023	(2,363,032)	490,158	(486,733)	190,907	159,413	11,276	244,789	(1,753,222)
At 1 January 2022	(1,672,170)	158,341	(883,281)	196,895	459,354	1,393	73,621	(1,665,847)
Acquisition of subsidiaries	(234,911)	–	–	–	–	–	–	(234,911)
Credited/(charged) to profit or loss (Note 11)	72,692	(74,015)	–	(4,820)	(29,661)	687	87,901	52,784
Credited to other comprehensive income	–	–	256,222	–	–	–	–	256,222
Disposal of subsidiaries	37,408	–	–	(652)	(429,693)	–	(5,085)	(398,022)
Disposal of equity instruments at FVTOCI	–	–	2,746	–	–	–	–	2,746
At 31 December 2022	(1,796,981)	84,326	(624,313)	191,423	–	2,080	156,437	(1,987,028)

(b) Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. As at 31 December 2023, the Group had unrecognized tax losses to be carried forward against future taxable profits amounting to RMB10,275,264,000 (2022: RMB8,599,888,000), which will expire within 5 years.

(c) As at 31 December 2023, the Group had deductible temporary differences of RMB599,533,000 (2022: RMB521,081,000), which mainly relates to the impairment losses of the Group's property, plant and equipment and interest in a joint venture. No deferred income tax assets had been recognized in relation to such deductible temporary difference as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilized.

(d) As the Company is a deemed PRC Tax Resident Enterprise, the Company is exempted from the withholding tax charged on the dividends remitted to the Company by the subsidiaries, associates or joint ventures. As such, no deferred income tax liabilities on unremitted earnings of subsidiaries, associates or joint ventures would be recognized.

24. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Deductible value-added tax ("VAT") and other taxes	**5,942,551**	2,844,592
Accounts receivable (Note 26)	**2,964,890**	2,402,163
Amounts due from related parties (Note 28(a))	**–**	600,000
Others	**475,639**	307,526
	9,383,080	6,154,281

As at 31 December 2023, no balance was included in other non-current assets recognized by the Group in respect of the transferred assets to the extent of its continuing involvement (2022: RMB75,798,000). Details are disclosed in Note 41.

25. INVENTORIES

	2023 RMB'000	2022 RMB'000
Coal and fuel oil	**921,860**	584,986
Energy storage equipment, spare parts and consumables	**1,458,352**	506,358
	2,380,212	1,091,344

26. ACCOUNTS RECEIVABLE

	2023 RMB'000	2022 RMB'000
Accounts receivable from regional and provincial power grid companies (note (b))	**26,383,363**	14,228,449
Accounts receivable from other companies (note (b))	**1,638,342**	697,615
	28,021,705	14,926,064
Notes receivable (note (d))	**178,406**	110,870
	28,200,111	15,036,934
Analyzed for reporting purposes as:		
— Non-current (included in other non-current assets (Note 24)) (note (b))	**2,964,890**	2,402,163
— Current	**25,235,221**	12,634,771
	28,200,111	15,036,934

26. ACCOUNTS RECEIVABLE (CONTINUED)

Notes:

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

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

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

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

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

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

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

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

Based on the above New Guidelines and their past experiences, the Directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It was expected that the Group's wind and photovoltaic power projects would be listed as qualified projects for tariff premium after 31 December 2024 (2022: obtained after 31 December 2023) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the Directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. For the year ended 31 December 2023, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 3.64% (2022: 3.81%) per annum, and the Group's revenue was adjusted by RMB82,216,000 (2022: RMB109,328,000) and interest income amounting to RMB48,976,000 (2022: RMB22,999,000) (Note 10) was recognized.

26. ACCOUNTS RECEIVABLE (CONTINUED)

Notes: *(Continued)*

(c) In December 2020, accounts receivable amounting to RMB950,000,000 were transferred to a single asset management plan (the "Assets Management Plan") set up by Shenwan Hongyuan Securities Co., Ltd. ("Shenwan Hongyuan"). The Directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. As at 31 December 2023, the Assets Management Plan had expired and the Group ceased to recognize the transferred assets to the extent of its continuing involvement (2022: RMB37,525,000 as other receivables and the associated liabilities as other payables).

In November 2021, accounts receivable amounting to RMB1,184,931,000 were transferred to SPIC for participating in its Asset Backed Notes Transaction (the "ABN Transaction"). In the subsidiaries acquired in 2022, accounts receivable amounting to RMB340,566,000 were transferred to SPIC in November 2021 for participating in the same ABN Transaction. In the subsidiaries acquired this year, accounts receivable amounting to RMB1,153,910,000 were also transferred to SPIC in November 2021 for participating in the same ABN Transaction. The Directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. As at 31 December 2023, the Group recognized the transferred assets to the extent of its continuing involvement amounting to RMB50,183,000 as other receivables and the associated liabilities as other payables (2022: RMB75,798,000 as other non-current assets and the associated liabilities as other non-current liabilities). Further details are disclosed in Note 41.

(d) As at 31 December 2023, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days (2022: 360 days).

(e) As at 31 December 2023, certain bank borrowings (Note 36(d)), other borrowings (Note 38(b)) and lease liabilities (Note 39) (2022: certain of the bank borrowings and lease liabilities) were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 31 December 2023 amounted to RMB7,530,108,000 (2022: RMB3,467,887,000).

(f) Apart from certain clean energy power price premium receivables of RMB2,964,890,000 (2022: RMB2,402,163,000) which are stated after discounting, the fair values of the remaining accounts and notes receivables approximate their carrying amounts as the impact of discounting is not significant. All accounts and notes receivables are denominated in RMB.

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments, deposits and other receivables mainly represent current portion of deductible VAT, prepayments for purchasing inventories and materials, deposits and other receivables.

	2023 **RMB'000**	2022 RMB'000
Deposits and other receivables	**3,541,474**	2,334,105
Prepayments	**3,302,322**	3,347,064
Deductible VAT	**1,224,394**	1,016,231
Provision under ECL	**(100,680)**	(103,008)
	7,967,510	6,594,392

As at 31 December 2023, prepayments, deposits and other receivables included prepayments paid to non-controlling shareholders of subsidiaries of RMB45,057,000 (2022: RMB30,034,000).

28. AMOUNTS DUE FROM/TO RELATED PARTIES

	2023 RMB'000	2022 RMB'000
Amounts due from related parties		
Amounts due from CPDL	15,998	14,120
Amounts due from CPI Holding	159,170	60,024
Amounts due from SPIC Financial	112,094	3,400
Amounts due from companies controlled by SPIC other than CPI Holding and SPIC Financial	2,695,357	1,153,263
Amounts due from associates (note (a))	648,499	4,509,905
Amounts due from joint ventures (note (b))	426,226	926,988
Amounts due from non-controlling shareholders of subsidiaries	49,166	30,035
Amounts due from SPIC	4,552	450
	4,111,062	6,698,185
Less: Amount that is expected to realize after 12 months shown under non-current assets (Note 24)	–	(600,000)
Amounts that is expected to realize within 12 months shown under current assets	4,111,062	6,098,185

	2023 RMB'000	2022 RMB'000
Amounts due to related parties		
Amounts due to CPI Holding (note (c))	140,441	139,053
Amounts due to SPIC Financial	29,547	38,524
Amounts due to companies controlled by SPIC other than CPI Holding and SPIC Financial	3,453,368	1,887,712
Amounts due to SPIC	5,833,120	99,381
Amounts due to associates	876,991	843,549
Amounts due to joint ventures	–	26,046
Amounts due to non-controlling shareholders of subsidiaries (note (d))	631,734	378,530
	10,965,201	3,412,795

28. AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

Notes:

(a) The amounts due from associates are unsecured. Except for a balance of RMB55,080,000 (2022: RMB55,080,000) which is interest bearing at 1.75% (2022: 1.75%) per annum, and a balance of RMB213,025,000 (2022: Nil) which is interest bearing at 2.50% (2022: Nil) per annum, a balance of RMB13,000,000 (2022: Nil) which is interest bearing at 2.40% (2022: Nil) per annum and repayable within one year, the remaining balances are interest free and repayable on demand. During the current year, an amount of RMB355,080,000 with interest rate of 3.23% per annum, an amount of RMB518,250,000 with interest rate of 2.20% per annum, and an amount of RMB270,000,000 with interest rate of 4.63% per annum in 2022 have been repaid. An amount of RMB600,000,000, which was included in other non-current assets with interest bearing at 3.50% per annum, has been recovered during the year (Note 24).

(b) The amounts due from joint ventures are unsecured, interest free and repayable on demand.

(c) The amounts due to CPI Holding are unsecured. Except for a balance of RMB106,440,000 (2022: RMB106,440,000) which is interest bearing at 1.75% (2022: 1.75%) per annum and repayable within one year, the remaining balances are interest free and repayable on demand.

(d) The amounts due to non-controlling shareholders of subsidiaries included dividend payable of RMB252,705,000 (2022: RMB165,183,000).

(e) Balances with related parties, other than those disclosed in notes (a) to (d) above, are unsecured, interest free and repayable on demand.

(f) The fair values of these balances approximate their carrying amounts as the impact of discounting is not significant.

29. DEBT INSTRUMENTS AT FVTOCI

As at 31 December 2023, debt instruments at FVTOCI represent certain notes receivable issued by third parties and related parties, and were normally with maturity period within 360 days (2022: 360 days). Notes receivable discounted and endorsed to banks, suppliers and related parties of RMB1,599,144,000, RMB308,710,000 and RMB2,950,000 respectively (2022: RMB598,134,000, RMB141,897,000 and RMB207,077,000 respectively) are derecognized by the Group (the "Derecognized Notes"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Notes have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Notes. Accordingly, it has derecognized the full carrying amounts of the Derecognized Notes and the associated trade payables and amounts due to related parties. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Notes and the undiscounted cash flows to repurchase these Derecognized Notes equal to their derecognized amounts. In the opinion of the Directors, the fair value of the Group's Continuing Involvement in the Derecognized Notes is not significant.

Details of impairment assessment are set out in Note 46.2(d).

30. RESTRICTED DEPOSITS

Restricted deposits are all restricted cash deposits. As at 31 December 2023, the restricted deposits of the Group are interest bearing from 0.20% to 0.30% (2022: 0.25% to 0.35%) per annum.

The restricted cash deposits mainly represent cash deposits held in the "joint control account" under the names of certain subsidiaries of the Group for the co-development of wind power plants with local government. The deposits are operated with the approvals from both parties and will be released upon the completion of power plant construction.

31. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at banks and in hand (note (a))	**2,836,603**	3,333,269
Deposits at SPIC Financial (note (b))	**2,902,212**	894,830
	5,738,815	4,228,099
Denominated in:		
RMB	**5,725,163**	4,209,762
United States Dollars ("USD")	**987**	6,577
HK$	**12,665**	11,760
	5,738,815	4,228,099

Notes:

(a) The Group's cash at banks are interest bearing from 0.20% to 0.30% (2022: 0.25% to 0.35%) per annum.

(b) The Group's deposits at SPIC Financial are interest bearing at 1.38% (2022: 1.38%) per annum.

(c) The Group's cash and cash equivalents denominated in RMB of RMB5,638,495,000 (2022: RMB4,101,720,000) are deposited at banks, SPIC Financial in mainland China. The conversion of these RMB denominated balances into foreign currencies and the remittance of funds out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

32. SHARE CAPITAL

	2023 RMB'000	2022 RMB'000
Ordinary shares, issued and fully paid:		
12,370,150,983 (2022: 12,370,150,983) ordinary shares	**24,508,986**	24,508,986

	Number of ordinary shares	Share capital RMB'000
At 1 January 2022	10,833,386,321	20,418,001
Shares issued for acquisition of subsidiaries (note)	1,536,764,662	4,090,985
At 31 December 2022 and 2023	12,370,150,983	24,508,986

Note:

There are no movements in the number of shares of the Company from 1 January 2023 to 31 December 2023.

In September and October 2022, the Company issued 451,503,136 ordinary shares and 1,085,261,526 ordinary shares, respectively, at the price of HK$4.40 per share under special mandate as consideration shares for the acquisition of equity interests in certain entities from CPNE. The acquisition has been accounted for using the acquisition method, the fair value of these consideration shares, determined using the published closing price at the dates of share issues (HK$3.13 per share on 30 September 2022 and HK$2.84 per share on 26 October 2022 respectively), amounted to HK$4,495,348,000 (equivalent to RMB4,090,985,000) in aggregate.

33. SHARE OPTION SCHEME

On 5 and 20 July 2022, the Directors announced that the Company has granted share options to certain eligible participants (the "Grantees"), subject to acceptance of the Grantees, under the Company's new share incentive scheme (the "Scheme") adopted on 15 June 2022. The Scheme shall be valid from the grant date until the date when all share options have been exercised or cancelled and the maximum effective period of the Scheme shall not exceed 72 months. Grantees included the Directors, and employees of the Company or the Group's controlled subsidiaries. Each share option shall entitle the Grantees to subscribe for one new share of the Company at the exercise price. Details of the share options granted are set out below:

Date of grant	5 July 2022	20 July 2022
Exercise price (per share)	HK$4.82	HK$4.90
Number of share options granted	84,590,000	18,590,000
Effective period	First exercise period (Percentage of share options exercisable: 33%) Trading days from 5 July 2024 to 4 July 2025	First exercise period (Percentage of share options exercisable: 33%) Trading days from 20 July 2024 to 19 July 2025
	Second exercise period (Percentage of share options exercisable: 33%) Trading days from 5 July 2025 to 4 July 2026	Second exercise period (Percentage of share options exercisable: 33%) Trading days from 20 July 2025 to 19 July 2026
	Third exercise period (Percentage of share options exercisable: 34%) Trading days from 5 July 2026 to 4 July 2027	Third exercise period (Percentage of share options exercisable: 34%) Trading days from 20 July 2026 to 19 July 2027
Closing price immediately before the date of grant (per share)	HK$4.76	HK$4.75

The exercise prices and exercise periods of the Company's share options outstanding as at 31 December 2023 are as follows:

Number of share options	Exercise price (HK$ per share)	Exercise period
24,575,100	4.82	5 July 2024 to 4 July 2025
24,575,100	4.82	5 July 2025 to 4 July 2026
25,319,800	4.82	5 July 2026 to 4 July 2027
6,134,700	4.90	20 July 2024 to 19 July 2025
6,134,700	4.90	20 July 2025 to 19 July 2026
6,320,600	4.90	20 July 2026 to 19 July 2027

The movements of share options under the Scheme during the current year are as follows:

	2023 Weighted average exercise price (HK$ per share)	2023 Number of share options
At 1 January	**4.83**	**103,180,000**
Lapsed during the year	**4.82**	**(10,120,000)**
At 31 December	**4.84**	**93,060,000**

33. SHARE OPTION SCHEME (CONTINUED)

During the year ended 31 December 2023, the Company recognized a share-based payment expenses of RMB7,422,000 (2022: RMB28,802,000) (Note 6), which has already taken into account of the impact of revisions to the original estimates at the year-end. One of the revised estimates was the number of share options, with 30,709,800 (2022: Nil) share options being identified as forfeited in substance and yet pending to be officially cancelled by the Board.

The fair value of equity-settled share options granted in 2022 was estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following table lists the key inputs to the model used:

	Date of grant	
	5 July 2022	20 July 2022
Estimated fair value (per share option)	HK$1.61	HK$1.56
Expected volatility	44.42%	44.83%
Risk-free interest rate	2.4455%	2.3805%
Expected life of share options	3.5 years	3.5 years
Exercise price (per share)	HK$4.82	HK$4.90
Closing share price (per share)	HK$4.69	HK$4.65

34. OTHER EQUITY INSTRUMENTS

On 5 November 2020, the Company issued the first tranche of RMB1,500,000,000 perpetual medium-term note (the "2020 First Perpetual Medium-term Note") at an initial interest rate of 4.35% per annum. The proceeds from the issuance of the 2020 First Perpetual Medium-term Note after deducting the issuance cost were RMB1,498,800,000. Coupon interest payments of 4.35% are paid annually in arrears on 5 November each year starting from 2021, and may be deferred at the discretion of the Company. The first call date was 5 November 2023, and the 2020 First Perpetual Medium-term Note was redeemed on that day.

On 18 November 2020, the Company issued the second tranche of RMB1,500,000,000 perpetual medium-term note (the "2020 Second Perpetual Medium-term Note") at an initial interest rate of 4.60% per annum. The proceeds from the issuance of the 2020 Second Perpetual Medium-term Note after deducting the issuance cost were RMB1,498,800,000. Coupon interest payments of 4.60% are paid annually in arrears on 18 November each year starting from 2021, and may be deferred at the discretion of the Company. The first call date was 18 November 2023, and the 2020 Second Perpetual Medium-term Note was redeemed on that day.

In 2023, the Company issued the debt financing instruments ("DFI"), on 1 November 2023, the Company issued the first tranche of RMB1,500,000,000 perpetual medium-term note (the "2023 First DFI-PMTN"), at an initial interest rate of 3.58% per annum. The proceeds from the issuance of the 2023 First DFI-PMTN after deducting the issuance cost were RMB1,499,100,000. Coupon interest payments of 3.58% are paid annually in arrears on 1 November each year starting from 2024, and may be deferred at the discretion of the Company. The first call date is 1 November 2026.

On 15 November 2023, the Company issued the second tranche of RMB1,500,000,000 perpetual medium-term note (the "2023 Second DFI-PMTN"), at an initial interest rate of 3.30% per annum. The proceeds from the issuance of the 2023 Second DFI-PMTN after deducting the issuance cost were RMB1,499,100,000. Coupon interest payments of 3.30% are paid annually in arrears on 15 November each year starting from 2024, and may be deferred at the discretion of the Company. The first call date is 15 November 2026.

34. OTHER EQUITY INSTRUMENTS (CONTINUED)

On 15 November 2022, the Company and certain of its subsidiaries entered into the perpetual debt investment contracts with Bridge Trust Co., Ltd. ("Bridge Trust", a subsidiary of SPIC). In 2023, the Group has received RMB5,008,740,000 (2022: RMB5,608,720,000) perpetual debts with an initial interest rate ranging from 2.87% to 3.69% (2022: 2.87% to 3.18%) per annum and an initial base term of 3 years or 5 years.

In 2023, the profit attributable to holders of other equity instruments, based on the applicable interest rate, was RMB424,147,000 (2022: RMB167,211,000) and distribution of RMB401,836,000 (2022: RMB134,250,000) has been paid in 2023.

35. RESERVES

	Merger reserve (note (a)) RMB'000	Capital reserve (note (b)) RMB'000	FVTOCI reserve RMB'000	Statutory reserves (note (c)) RMB'000	Share-based payment reserve RMB'000	Special reserve RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings (note (d)) RMB'000	Total RMB'000
At 1 January 2023	306,548	1,893,845	1,711,303	2,403,015	28,802	–	389,286	6,732,799	7,087,579	13,820,378
Profit for the year	–	–	–	–	–	–	–	–	2,660,322	2,660,322
Fair value loss on equity instruments at FVTOCI	–	–	(553,141)	–	–	–	–	(553,141)	–	(553,141)
Deferred income tax on fair value loss on equity instruments at FVTOCI	–	–	138,285	–	–	–	–	138,285	–	138,285
Fair value loss on debt instruments at FVTOCI	–	–	(711)	–	–	–	–	(711)	–	(711)
Deferred income tax on fair value loss on debt instruments at FVTOCI	–	–	178	–	–	–	–	178	–	178
Release on derecognition of debt instruments at FVTOCI	–	–	1,619	–	–	–	–	1,619	–	1,619
Release of deferred income tax on derecognition of debt instruments at FVTOCI	–	–	(405)	–	–	–	–	(405)	–	(405)
Share-based payment expenses (Note 33)	–	–	–	–	7,422	–	–	7,422	–	7,422
Transfer to statutory reserves	–	–	–	605,027	–	–	–	605,027	(605,027)	–
Disposal of interests in subsidiaries without loss of control (Note 47(a))	–	71,587	–	–	–	–	–	71,587	–	71,587
Acquisition of non-controlling interests	–	(826,771)	–	–	–	–	–	(826,771)	–	(826,771)
Appropriation of safety production funds	–	–	–	–	–	108,734	–	108,734	(108,734)	–
Share of changes of reserves of associates and joint ventures	–	–	–	–	–	17,185	–	17,185	(17,185)	–
Issuance of perpetual medium-term notes (Note 34)	–	–	–	–	–	–	(1,800)	(1,800)	–	(1,800)
2022 final dividend (Note 13)	–	–	–	–	–	–	–	–	(1,360,717)	(1,360,717)
At 31 December 2023	306,548	1,138,661	1,297,128	3,008,042	36,224	125,919	387,486	6,300,008	7,656,238	13,956,246

35. RESERVES (CONTINUED)

	Merger reserve (note (a)) RMB'000	Capital reserve (note (b)) RMB'000	FVTOCI reserve RMB'000	Exchange translation reserve RMB'000	Statutory reserves (note (c)) RMB'000	Share-based payment reserve RMB'000	Others RMB'000	Other reserves sub-total RMB'000	Retained earnings (note (d)) RMB'000	Total RMB'000
At 1 January 2022	306,548	1,916,940	2,488,202	28	1,973,464	–	389,286	7,074,468	5,562,399	12,636,867
Profit for the year	–	–	–	–	–	–	–	–	2,480,840	2,480,840
Fair value gain on equity instruments at FVTOCI	–	–	(1,014,299)	–	–	–	–	(1,014,299)	–	(1,014,299)
Deferred income tax on fair value gain on equity instruments at FVTOCI	–	–	253,575	–	–	–	–	253,575	–	253,575
Fair value loss on debt instruments at FVTOCI	–	–	(1,619)	–	–	–	–	(1,619)	–	(1,619)
Deferred income tax on fair value loss on debt instruments at FVTOCI	–	–	405	–	–	–	–	405	–	405
Release on derecognition of debt instruments at FVTOCI	–	–	798	–	–	–	–	798	–	798
Release of deferred income tax on derecognition of debt instruments at FVTOCI	–	–	(199)	–	–	–	–	(199)	–	(199)
Exchange differences on translation of foreign operations	–	–	–	(28)	–	–	–	(28)	–	(28)
Share-based payment expenses	–	–	–	–	–	28,802	–	28,802	–	28,802
Transfer to statutory reserves	–	–	–	–	429,551	–	–	429,551	(429,551)	–
Disposal of interests in subsidiaries without loss of control	–	(23,095)	–	–	–	–	–	(23,095)	–	(23,095)
Transfer of reserves upon disposal of equity instruments at FVTOCI	–	–	(15,560)	–	–	–	–	(15,560)	15,560	–
2021 final dividend (Note 13)	–	–	–	–	–	–	–	–	(541,669)	(541,669)
At 31 December 2022	306,548	1,893,845	1,711,303	–	2,403,015	28,802	389,286	6,732,799	7,087,579	13,820,378

Notes:

(a) Merger reserve

The merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the registered capital of the subsidiaries transferred to the Company pursuant to the reorganization of the Group which took place in 2004.

(b) Capital reserve

Capital reserve mainly represents the difference between the fair value of the net assets injected by the then owner of the relevant companies of the Group and the registered capital of these companies upon their establishment.

(c) Statutory reserves

Statutory reserves are non-distributable and the transfers to these funds are determined by the boards of directors of the relevant PRC subsidiaries in accordance with the relevant laws and regulations in the PRC.

(d) Retained earnings

Accumulated profits retained by the Group, its associates and joint ventures included impairment losses on property, plant and equipment of certain subsidiaries and an associate which have been accounted for in the Group's consolidated income statement in prior years. In the local statutory financial statements of the certain subsidiaries and an associate, these impairment losses have been dealt with in the respective company's capital reserves in accordance with the relevant local accounting rules and regulations. Profit distributions made by these companies were based on the distributable reserves as reported in the statutory financial statements.

36. BANK BORROWINGS

Bank borrowings are analyzed as follows:

	2023 RMB'000	2022 RMB'000
Non-current		
Long-term bank borrowings		
— secured (note (d))	**33,517,405**	25,173,243
— unsecured (note (e))	**76,432,773**	44,539,773
	109,950,178	69,713,016
Less: Current portion of long-term bank borrowings	**(10,298,213)**	(7,500,830)
	99,651,965	62,212,186
Current		
Short-term bank borrowings		
— secured	**–**	705,007
— unsecured	**9,330,466**	8,520,954
Current portion of long-term bank borrowings	**10,298,213**	7,500,830
	19,628,679	16,726,791
	119,280,644	78,938,977

Notes:

(a) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2023 RMB'000	2022 RMB'000
RMB	**119,061,916**	78,695,701
Japanese Yen ("JPY")	**218,728**	243,276
	119,280,644	78,938,977

(b) The repayment terms of the long-term bank borrowings are analyzed as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**10,298,213**	7,500,830
Between one and two years	**9,089,754**	7,987,257
Between two and five years	**27,369,890**	17,368,948
Over five years	**63,192,321**	36,855,981
	109,950,178	69,713,016

36. BANK BORROWINGS (CONTINUED)

Notes: *(Continued)*

(c) The effective interest rates per annum of the Group's bank borrowings are as follows:

	2023	2022
Short-term bank borrowings	**3.34%**	3.46%
Long-term bank borrowings (including current portion)	**3.97%**	4.07%

As at 31 December 2023 and 2022, the bank borrowings of the Group in fixed and floating rates are as follows:

	2023 RMB'000	2022 RMB'000
Fixed-rate borrowings	**10,851,127**	15,654,251
Floating-rate borrowings	**108,429,517**	63,284,726
	119,280,644	78,938,977

(d) As at 31 December 2023 and 2022, the bank borrowings of the Group are secured as follows:

	2023 RMB'000	2022 RMB'000
Secured by the equity of a non-controlling shareholder of a subsidiary	**152,320**	169,240
Secured by certain property, plant and equipment (Note 15(c))	**931,821**	741,473
Secured against the rights on certain accounts receivable (Note 26(e))	**32,433,264**	24,967,537

(e) As at 31 December 2023, bank borrowings amounting to RMB218,728,000 (2022: RMB243,276,000) were guaranteed by Hunan Provincial Finance Bureau.

(f) As at 31 December 2023, the Group had available unutilized banking facilities amounting to RMB32,848,259,000 (2022: RMB26,292,730,000).

(g) The fair values of short-term bank borrowings approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term bank borrowings at floating interest rates approximate their carrying amounts.

As at 31 December 2023, the carrying amounts and fair values of long-term bank borrowings at fixed interest rates amount to RMB6,626,936,000 (2022: RMB9,562,592,000) and RMB7,375,732,000 (2022: RMB9,511,833,000) respectively. The fair values are calculated using cash flows discount rates from 1% to 5.39% (2022: 1% to 5.39%) and are within level 3 of the fair value hierarchy.

37. BORROWINGS FROM RELATED PARTIES

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

Notes:

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

	2023 RMB'000	2022 RMB'000
RMB	**26,315,738**	14,674,640
USD	**708,270**	459,664
	27,024,008	15,134,304

(b) The long-term borrowings from SPIC are unsecured, interest bearing from 2.80% to 4.75% (2022: 3.35% to 5.50%) per annum.

These borrowings are repayable as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**1,950,000**	504,238
Between one and two years	**8,217,230**	820,000
Between two and five years	**1,817,910**	8,321,861
Over five years	**803,359**	–
	12,788,499	9,646,099

37. BORROWINGS FROM RELATED PARTIES (CONTINUED)

Notes: *(Continued)*

(c) The long-term borrowings from SPIC Financial are unsecured, interest bearing from 3.10% to 4.27% (2022: 3.29% to 4.27%) per annum.

The repayment terms of these borrowings are analyzed as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**678,238**	180,000
Between one and two years	**1,062,000**	180,000
Between two and five years	**1,175,374**	76,000
Over five years	**1,832,880**	427,000
	4,748,492	863,000

As at 31 December 2023 and 2022, the long-term borrowings from SPIC Financial in fixed and floating rate are as follows:

	2023 RMB'000	2022 RMB'000
Fixed-rate borrowings	**703,000**	383,000
Floating-rate borrowings	**4,045,492**	480,000
	4,748,492	863,000

(d) As at 31 December 2023, the long-term borrowings from other related parties are unsecured, interest bearing from 3.79% to 4.30% (2022: 3.79% to 4.55%) per annum.

(e) As at 31 December 2023, the short-term borrowings from SPIC are unsecured, interest bearing from 2.00% to 3.60% (2022: 3.45% to 3.85%) per annum.

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

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

(h) As at 31 December 2023, the Group had available unutilized facilities from SPIC Financial amounting to RMB10,000,000,000 (2022: RMB8,800,000,000).

(i) The fair values of short-term borrowings from related parties approximate their carrying amounts as the impact of discounting is not significant.

The fair values of long-term borrowings from related parties at floating interest rates approximate their carrying amounts.

As at 31 December 2023, the carrying amounts and fair values of long-term borrowings from related parties at fixed interest rates amounted to RMB11,161,492,000 (2022: RMB8,707,430,000) and RMB11,643,734,000 (2022: RMB8,673,439,000) respectively. The fair values are calculated using cash flows with discount rates from 3.29% to 4.75% (2022: 3.29% to 5.5%) and are within level 3 of the fair value hierarchy.

38. OTHER BORROWINGS

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

Notes:

(a) The balance includes:

(i) Four unsecured RMB denominated medium-term notes issued by the Company in June, July and September 2022 respectively, each of RMB2,000,000,000 for a term of three years, which are interest bearing at 3.00%, 2.99%, 2.87% and 2.71% per annum respectively.

(ii) Two unsecured RMB denominated medium-term notes issued by the Company in April and October 2021 respectively, each of RMB2,000,000,000 for a term of three years, which are interest bearing at 3.54% and 3.47% per annum respectively. As at 31 December 2023, the above two medium-term notes were classified and presented as current.

(iii) An unsecured RMB denominated green note of RMB1,000,000,000 issued by the Company in October 2021 for a term of three years, which is interest bearing at 3.39% per annum. As at 31 December 2023, this green note was classified and presented as current.

As at 31 December 2023, the fair value of the medium-term note amounted to RMB12,784,622,000 (2022: RMB12,307,846,000), which is the quoted price in active market for identical liabilities and is within level 2 of fair value hierarchy.

As at 31 December 2023, the Company had no (2022: Nil) unutilized medium-term note facilities available.

(b) As at 31 December 2023, RMB172,576,000 (2022: Nil) is secured against the rights on certain accounts receivable (Note 26 (e)) and interest bearing from 3.88% to 5.10% per annum and RMB304,161,000 (2022: Nil) is secured by certain property, plant and equipment (Note 15 (c)) and interest bearing from 3.33% to 4.20% per annum, the remaining balances are unsecured and interest bearing from 3.88% to 4.30% (2022:4.25% to 4.85%) per annum. The fair values of the long-term other borrowings from third parties approximate their carrying amounts as the impact of discounting is not significant.

(c) The balance represents unsecured RMB denominated super & short-term commercial papers of RMB2,000,000,000 (2022: RMB2,000,000,000) issued by the Company in December 2023 (2022: June and July 2022) with term of 90 days (2022: 270 days and 180 days respectively) and interest bearing at 2.75% (2022: 2.10% and 1.75%) per annum.

As at 31 December 2023, the Company had no (2022: Nil) unutilized short-term note facilities available.

39. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	734,022	517,007
Between one and two years	219,438	655,015
Between two and five years	404,698	682,195
Over five years	2,774,434	1,852,435
	4,132,592	3,706,652
Less: Amounts payable within 12 months shown under current liabilities	(734,022)	(517,007)
Amounts payable after 12 months shown under non-current liabilities	3,398,570	3,189,645

The balance as at 31 December 2023 includes certain lease agreements entered into with related parties, namely CPI Ronghe Financial Leasing Co., Ltd. and China Kangfu International Leasing Co., Ltd. ("Kangfu Leasing") for the use of property, plant and equipment for 1 to 16 years amounting to RMB926,378,000, of which RMB911,802,000 (2022: RMB1,153,208,000) are secured against the rights on certain accounts receivable (Note 26(e)) with interest rates ranging from 4.01% to 7% (2022: 4.01% to 7%) per annum. Interest rates for the remaining balances are ranging from 4.01% to 7% (2022: 4.01% to 7%) per annum.

Except for short-term leases and low value leases in which the Group applied recognition exemption, the Group has recognized additions of right-of-use assets and lease liabilities of RMB4,347,502,000 (2022: RMB1,647,693,000) (Note 16) and RMB3,524,303,000 (2022: RMB1,149,668,000) respectively.

40. PROVISIONS FOR OTHER LONG-TERM LIABILITIES

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

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

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

	2023 RMB'000	2022 RMB'000
Non-current liabilities	1,860,767	1,866,003
Current liabilities (included in other payables and accrued charges (Note 43))	109,270	105,990
	1,970,037	1,971,993

40. PROVISIONS FOR OTHER LONG-TERM LIABILITIES (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
At 1 January	**1,971,993**	1,972,664
Interest expense (Note 10)	**104,029**	104,082
Payment	**(105,985)**	(104,753)
At 31 December	**1,970,037**	1,971,993

41. OTHER NON-CURRENT LIABILITIES

In December 2020, certain subsidiaries of the Group entered into several agreements in respect of the Assets Management Plan with Shenwan Hongyuan and transferred an aggregate amount of RMB950,000,000 of clean energy power price premium receivable (Note 26(c)) to the Assets Management Plan. Meanwhile, SPIC acts as the authorized agent of these subsidiaries to sign and execute all agreements in relation to the Assets Management Plan. SPIC had also committed that should any incident occur that disqualifies any receivables from the Assets Management Plan, SPIC would be solely responsible to purchase them. Under the Assets Management Plan, the Group neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. As at 31 December 2023, the Assets Management Plan had expired and the Group ceased to recognize the transferred assets to the extent of its continuing involvement.

On 16 November 2021, under the arrangement of ABN transaction arrangements, the Group transferred an aggregate amount of RMB1,184,931,000 of renewable energy tariff subsidies (Note 26(c)) to SPIC as the underlying assets for the purpose of issuing Asset-Backed Notes. In the subsidiaries acquired in 2022, accounts receivable amounting to RMB340,566,000 were transferred to SPIC in November 2021 for participating in the same ABN Transaction. In the subsidiaries acquired in this year, accounts receivable amounting to RMB1,153,910,000 had been also transferred to SPIC in November 2021 for participating in the same ABN Transaction. The Directors consider that the Group neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivable and retained control of the underlying assets. At 31 December 2023, the Group recognized the transferred assets to the extent of its continuing involvement amounting to RMB50,183,000 as other receivables and the associated liabilities as other payables (2022: RMB75,798,000 as other non-current assets and the associated liabilities as other non-current liabilities).

42. ACCOUNTS AND BILLS PAYABLES

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

Notes:

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

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

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

(c) The fair values of accounts and bills payables approximate their carrying amounts as the impact of discounting is not significant. All accounts and bills payables are denominated in RMB.

43. OTHER PAYABLES AND ACCRUED CHARGES

	2023 RMB'000	2022 RMB'000
Salaries and staff welfare payable	**339,424**	263,051
VAT payable	**307,475**	289,722
Other taxes payable	**382,309**	373,311
Repairs and maintenance expense payable	**64,953**	64,874
Insurance expense payable	**21,859**	3,336
Reservoir maintenance and usage fees payables	**21,395**	20,524
Interest payable	**345,730**	391,752
Current portion of provisions for other long-term liabilities (Note 40)	**109,270**	105,990
Consideration payable for acquisition of subsidiaries	**31,895**	18,247
Other payables and accrued operating expenses	**3,899,522**	2,076,871
	5,523,832	3,607,678

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before taxation to cash generated from operating activities

	2023 RMB'000	2022 RMB'000
Profit before taxation	5,426,590	3,344,067
Share of results of associates	(504,855)	155,233
Share of results of joint ventures	(201,294)	(2,375)
Finance income	(279,121)	(153,624)
Finance costs	4,273,867	4,260,961
Dividend income	(25,498)	–
Depreciation of property, plant and equipment	8,653,674	7,284,950
Depreciation of right-of-use assets	426,874	376,090
Reversal of impairment of amounts due from related parties and other receivables	(2,328)	(27,780)
Impairment of property, plant and equipment	66,964	14,142
Impairment of goodwill	–	250,905
Amortization of other intangible assets	648,999	137,663
Amortization of deferred income	(24,264)	(21,359)
Loss/(gain) on disposal of property, plant and equipment, net	100,651	(651)
Loss/(gain) on disposal of subsidiaries (pre-tax), net	46,925	(510,863)
Share-based payment expenses	7,422	28,802
Gain on remeasurement of remaining equity interests in associates after loss of control over subsidiaries	–	(154,337)
Gain on recognition of negative goodwill	–	(1,551,609)
Other non-cash gains	(112,564)	–
Operating cash flows before working capital changes	18,502,042	13,430,215
Increase in inventories	(1,206,044)	(45,921)
Increase in accounts receivable	(1,721,696)	(1,920,340)
Increase in prepayments, deposits and other receivables	(1,044,466)	(640,138)
Increase in amounts due from related parties	(768,246)	(2,959,854)
Decrease in debt instruments at FVTOCI	50,406	103,956
Increase in accounts and bills payables	1,257,225	1,605,673
Increase in other payables and accrued charges	350,401	957,022
(Decrease)/increase in amounts due to related parties	(452,122)	184,786
Increase in deferred income	46,746	38,716
Cash generated from operations	15,014,246	10,754,115
Interest paid	(3,977,472)	(4,483,253)
Tax paid	(1,133,756)	(545,248)
Net cash generated from operating activities	9,903,018	5,725,614

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in financing during the year

	Bank borrowings and other borrowings RMB'000	Borrowings from related parties RMB'000	Leases liabilities RMB'000
At 31 December 2022	**97,765,508**	**15,134,304**	**3,706,652**
Drawdown of bank borrowings	**61,664,166**	–	–
Repayment of bank borrowings	**(55,375,760)**	–	–
Drawdown of other borrowings	**3,728,296**	–	–
Repayment of other borrowings	**(5,421,698)**	–	–
Drawdown of borrowings from related parties	–	**16,660,497**	–
Repayment of borrowings from related parties	–	**(12,057,974)**	–
Payments for lease liabilities	–	–	**(1,517,227)**
Interest expense on lease liabilities (Note 10)	–	–	**132,143**
New finance leases (note (c)(ii))	–	–	**506,364**
Acquisitions of subsidiaries (Note 48)	**34,408,189**	**6,710,050**	**1,354,047**
Obtaining control of an associate	**798,497**	**572,099**	–
Disposal of interests in subsidiaries (Note 47(b)) (note (c)(iii))	**(9,000)**	–	**(49,387)**
Exchange loss, net	**42**	**5,032**	–
At 31 December 2023	**137,558,240**	**27,024,008**	**4,132,592**
At 31 December 2021	87,662,429	14,666,286	3,592,386
Drawdown of bank borrowings	45,458,779	–	–
Repayment of bank borrowings	(45,086,454)	–	–
Drawdown of other borrowings	12,307,218	–	–
Repayment of other borrowings	(4,620,000)	–	–
Drawdown of borrowings from related parties	–	11,670,054	–
Repayment of borrowings from related parties	–	(10,288,043)	–
Payments for lease liabilities	–	–	(1,985,982)
Interest expense on lease liabilities (Note 10)	–	–	104,100
New finance leases (note (c)(ii))	–	–	235,662
Acquisitions of subsidiaries	9,155,219	40,500	1,882,077
Disposal of interests in subsidiaries	(7,096,403)	(950,000)	(121,591)
Exchange gain, net	(15,280)	(4,493)	–
At 31 December 2022	97,765,508	15,134,304	3,706,652

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Major non-cash transactions

(i) For the year ended 31 December 2023, accounts payable and amounts due to related parties of RMB308,710,000 (2022: RMB141,897,000) and RMB2,950,000 (2022: RMB207,077,000) (Note 29) respectively have been settled through endorsement of notes receivables.

(ii) During the year ended 31 December 2023, the Group entered into new lease agreements for the use of power generator equipment, leasehold land and buildings from 2 to 20 years. Upon the lease commencement, the Group recognized right-of-use assets of RMB506,364,000 (2022: RMB235,662,000) and lease liabilities of RMB506,364,000 (2022: RMB235,662,000).

(iii) As disclosed in Note 47(b), the Group contributed 100% equity interests in a subsidiary — State Power Investment (Rushan) Energy Development Co., Ltd. ("Rushan Energy"), amounted to RMB325,360,000, to an associate State Power Investment (Haiyang) New Energy Development Co., Ltd. ("Haiyang Energy"), as an exchange for additional equity interest of Haiyang Energy.

45. COMMITMENTS

	2023 RMB'000	2022 RMB'000
Contracted but not provided for in respect of		
— property, plant and equipment	**12,162,217**	5,937,359
— capital contribution to associates	**2,969,773**	1,400,836
	15,131,990	7,338,195

46. FINANCIAL INSTRUMENTS

46.1 Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets		
Equity investment at FVTOCI	**4,760,344**	4,131,667
Financial assets at amortized cost	**41,714,884**	28,375,278
Debt instruments at FVTOCI	**59,345**	108,972
	46,534,573	32,615,917
Financial liabilities		
Amortized cost	**203,518,081**	139,095,327

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to JPY, HK$ and USD.

The Group's assets and liabilities and transactions arising from its operations primarily do not expose to material foreign exchange risk. Other than certain bank borrowings, certain borrowings from related parties and certain cash and cash equivalents, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB.

As at 31 December 2023, the Group was exposed to foreign exchange risk primarily with respect to bank borrowings which were denominated in JPY, borrowings from related parties which were denominated in USD, and cash and cash equivalents which were denominated in USD and HK$, details of which have been disclosed in Notes 36, 37 and 31, respectively.

The Group manages its foreign currency risk by closely monitoring the movements in the foreign currency rates.

RMB experienced certain depreciation against USD, JPY and HK$ during the year which is the major reason for the exchange loss recognized by the Group for the year. Further exchange rate fluctuation of USD, JPY and HK$ against RMB will affect the Group's financial position and results of operations.

As at 31 December 2023, if RMB had weakened/strengthened by 5% (2022: 5%) against JPY, with all other variables held constant, the Group's post-tax profit for the year would have been RMB8,202,000 lower/higher (2022: RMB9,123,000 lower/higher), mainly as a result of foreign exchange differences on translation of JPY denominated borrowings.

As at 31 December 2023, if RMB had weakened/strengthened by 5% (2022: 5%) against USD, with all other variables held constant, the Group's post-tax profit for the year would have been RMB26,523,000 lower/higher (2022: RMB17,484,000 lower/higher), mainly as a result of net foreign exchange differences on translation of USD denominated borrowings and bank deposits.

As at 31 December 2023, if RMB had weakened/strengthened by 5% (2022: 5%) against HK$, with all other variables held constant, the Group's post-tax profit for the year would have been RMB475,000 higher/lower (2022: RMB441,000 higher/lower), mainly as a result of foreign exchange differences on translation of HK$ denominated bank deposits.

In the Group management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing assets mainly include amounts due from associates and joint ventures, cash at banks and deposits at SPIC Financial, details of which have been disclosed in Notes 28 and 31. The Group's exposure to changes in interest rates is mainly attributable to its borrowings and lease liabilities, details of which have been disclosed in Notes 36 to 39. Borrowings carried at floating rates expose the Group to cash flow interest rate risk whereas borrowings and lease liability carried at fixed rates expose the Group to fair value interest rate risk, details of which have been disclosed in Notes 36 to 39. The Group has not used any specific interest rate swap contracts to hedge its exposure to interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of PBOC interest rate arising from the Group's RMB denominated floating rate bank borrowings.

As at 31 December 2023, if the interest rates on bank borrowings and borrowings from related parties had been 50 basis points (2022: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year (net of interest capitalized) would have been RMB450,709,000 lower/higher (2022: RMB347,966,000 lower/higher) mainly as a result of higher/lower interest expense on floating rate bank borrowings and borrowings from related parties.

As at 31 December 2023, if the interest rates on cash at banks and deposits at SPIC Financial had been 50 basis points (2022: 50 basis points) higher/lower than the prevailing interest rates, with all other variables held constant, post-tax profit for the year would have been RMB18,688,000 higher/lower (2022: RMB11,240,000 higher/lower) mainly as a result of higher/lower interest income on floating rate cash at banks and deposits at SPIC Financial.

Total interest income from financial assets that are measured at amortized cost is as follows:

	2023 RMB'000	2022 RMB'000
Interest income		
Cash and cash equivalents and restricted deposits	**52,813**	46,550
Amounts due from related parties	**177,332**	84,075
Discounting effect on clean energy power price premium receivable	**48,976**	22,999
Total interest income	**279,121**	153,624

Interest expense on financial liabilities not measured at FVTPL:

	2023 RMB'000	2022 RMB'000
Interest expense on financial liabilities at amortized cost	**4,139,707**	4,163,954

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(c) Price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group which are classified as equity instruments at FVTOCI. Most of the Group's equity instruments at FVTOCI are publicly traded. However, the Group does not trade these investments as such investments are held for strategic rather than trading purpose. The stock market is relatively more volatile in recent years. As at 31 December 2023, if the quoted market price of the listed equity investments held by the Group had increased/decreased by 10% to 30% (2022: 10% to 30%), with all other variables held constant, the results of the Group would have been unaffected as these investments are classified as equity instruments at FVTOCI; and equity would have been RMB230,509,000 to RMB691,527,000 (2022: RMB272,742,000 to RMB818,225,000) higher/lower, mainly as a result of the changes in fair value of equity instruments at FVTOCI.

In addition, the Group also invested in certain unquoted equity securities for investees operating in financial services, coal production and electricity trading services industry sectors for long term strategic purposes which had been designated as at FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The Group is also exposed to commodity price risk mainly in relation to the coal price. The Group manages such risk by entering into certain bulk purchase agreements with coal suppliers.

(d) Credit risk and impairment test

The Group's credit risk primarily arises from accounts receivable (Note 26), deposits and other receivables (Note 27), amounts due from related parties (Note 28), debt instruments at FVTOCI (Note 29), restricted deposits (Note 30), and cash and cash equivalents (Note 31). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Accounts receivable arising from contracts with customers (including those under other non-current assets)

The Group is exposed to significant concentration of credit risk in terms of electricity sales as a majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms ranged from 15 to 90 days to these power grid companies except for the clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively long time for settlement. The Group only accepts bills issued or guaranteed by reputable PRC banks if accounts receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant. The Group normally does not require collaterals from trade debtors. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on accounts receivable individually. Ageing analysis of the Group's accounts receivable is disclosed in Note 26 and management does not expect any losses from non-performance by these counterparties.

Deposits, other receivables and amounts due from related parties

The counterparties of the Group's deposits, other receivables and amounts due from related parties are mainly large state-owned enterprises with good credit quality and subsidiaries of SPIC. Under ECL model upon application of HKFRS 9, management makes periodic collective assessment as well as individual assessment on the recoverability of all loans and receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Group's historical experience in collection of loans and receivables falls within the recorded allowances and the Directors are of the opinion that adequate provision for uncollectible receivables has been made.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Restricted deposits and cash and cash equivalents

Substantially all of the Group's cash and cash equivalents are held in major financial institutions and SPIC Financial, which management believes are of high credit quality. Therefore, the Group performs impairment assessment under 12m ECL model upon application of HKFRS 9 on restricted deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties.

Debt instruments at FVTOCI

The Group's debt instruments at FVTOCI are Group's certain notes receivable which were considered as for holding to collect contractual cash flows and to sell business model. The notes which have been classified as debt instruments at FVTOCI are issued by major financial institutions with high credit quality and therefore are considered to be low credit risk investments. Therefore, the Group performs impairment assessment under 12m ECL model upon application of HKFRS 9 on debt instruments at FVTOCI on individual basis. For the year ended 31 December 2023, no ECL on debt instruments at FVTOCI has been recognized.

The tables below detail the credit risk exposures of the Group's financial assets, including accounts receivable, deposits and other receivables, amounts due from related parties, other non-current assets, debt instruments at FVTOCI, restricted deposits and cash and cash equivalents, which are subject to ECL assessment:

					Gross carrying amount	
	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	2023 RMB'000	2022 RMB'000
Debt instruments at FVTOCI	29	A1	Note (i)	12m ECL	**59,345**	108,972
Financial assets at amortized cost:						
Amounts due from related parties	24 and 28	N/A	Note (ii)	12m ECL	**4,111,062**	6,698,185
				Lifetime ECL (credit impaired)	**225,664**	229,290
Restricted deposits	30	A1	Note (i)	12m ECL	**123,422**	77,955
Cash and cash equivalents	31	A1	Note (i)	12m ECL	**5,738,815**	4,228,099
Deposits and other receivables	27	N/A	Note (iii)	12m ECL	**3,541,474**	2,334,105
				Lifetime ECL (credit impaired)	**35,797**	35,296
Accounts receivable	26	A1	Note (iv)	Lifetime ECL (not credit impaired)	**25,056,815**	12,523,901
Notes receivable	26	A1	Note (iv)	12m ECL	**178,406**	110,870
Other non-current assets	24	A1	Note (v)	12m ECL	**2,964,890**	2,402,163

Notes:

(i) Debt instruments at FVTOCI, restricted deposits and cash and cash equivalents:

At the end of the reporting period, the Directors have performed impairment assessment under 12m ECL model for debt instruments at FVTOCI, restricted deposit and cash and cash equivalents, and concluded that there has been no significant increase in credit risk since initial recognition. Since the counterparties are in major financial institutions with high credit ratings assigned by international credit-rating agencies, the probability of defaults of the counterparties are insignificant and accordingly, no allowance for credit losses is provided for these financial assets.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Notes: *(Continued)*

(ii) Amounts due from related parties:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
2023	**225,664**	**4,111,062**	**4,336,726**
2022	229,290	6,698,185	6,927,475

For all amounts due from related parties, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue costs or effort.

(iii) Deposits and other receivables:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Deposits and other receivables
A	The counterparties can honor the terms of the contracts. There is no reason to doubt their ability to fulfill the payment on a timely basis.	12m ECL
B	The counterparties frequently repay after due dates but usually settle after due date.	12m ECL
C	The counterparties cannot repay in full and there has been a significant increase in credit risk since initial recognition.	Lifetime ECL (not credit-impaired)
D	There is evidence indicating the asset is credit-impaired.	Lifetime ECL (credit-impaired)

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
2023	**100,076**	**3,477,195**	**3,577,271**
2022	103,008	2,266,393	2,369,401

For the year ended 31 December 2023, the Group accrued RMB204,000 (2022: RMB2,010,000) impairment allowance based on the provision matrix for other receivables arising from revenue and incomes other than sales of electricity. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(d) Credit risk and impairment test *(Continued)*

Notes: *(Continued)*

(iv) Accounts receivable:

As a majority of the Group's sales of electricity were made to regional and provincial power grid companies, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL individually for accounts receivable. At the end of the reporting period, the Directors have performed impairment assessment for accounts receivable based on external credit rating and corresponding default rate issued by international credit-rating agencies, and concluded that the credit losses of the accounts receivable as at 31 December 2023 were insignificant and therefore no allowance is provided for accounts receivable.

(v) Other non-current assets:

For the year ended 31 December 2023, other non-current assets include clean energy power price premium of RMB2,964,890,000 (2022: RMB2,402,163,000). The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively longer time for settlement. The Group periodically makes credit assessment of the counterparties, which are regional and provincial power grid companies by reference to external ratios to evaluate the 12m ECL.

(e) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of credit facilities.

The Group's primary cash requirements have been for construction of power plants, additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. The Group finances its working capital requirements through a combination of internal resources, borrowings from related parties, and short-term and long-term bank and other borrowings and perpetual securities.

As at 31 December 2023, the net current liabilities of the Group amounted to RMB29,528,475,000. Management monitors regularly the Group's current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and has available funding through adequate amount of facilities to meet its working capital requirements. As at 31 December 2023, the Group had available unutilized facilities in writing from banks and from related parties amounted to approximately RMB42,848,259,000 as disclosed in Notes 36(f), 37(h) and 38(a) respectively, and will refinance and/or restructure certain short-term loans into long-term loans or consider alternative sources of financing, where applicable.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Financial risk management objectives and policies *(Continued)*

(e) Liquidity risk *(Continued)*

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows by maturity and its carrying amounts.

	Within one year RMB'000	Between one and two years RMB'000	Between two and five years RMB'000	Over five years RMB'000	Total contractual undiscounted cash outflows RMB'000	Total carrying amount RMB'000
At 31 December 2023						
Payables and accrued charges	**24,676,741**	**–**	**–**	**–**	**24,676,741**	**24,676,741**
Amounts due to related parties	**10,966,951**	**–**	**–**	**–**	**10,966,951**	**10,965,201**
Bank borrowings	**20,569,021**	**10,194,728**	**30,866,269**	**73,221,578**	**134,851,596**	**119,280,644**
Borrowings from related parties	**11,166,256**	**10,694,772**	**3,582,592**	**4,205,187**	**29,648,807**	**27,024,008**
Other borrowings	**7,331,535**	**8,634,843**	**–**	**3,723,907**	**19,690,285**	**18,277,596**
Lease liabilities	**763,383**	**237,344**	**492,377**	**3,650,965**	**5,144,069**	**4,132,592**
At 31 December 2022						
Payables and accrued charges	17,536,892	–	–	–	17,536,892	17,536,892
Amounts due to related parties	3,414,545	–	–	–	3,414,545	3,412,795
Bank borrowings	17,351,192	8,637,736	19,490,730	42,859,055	88,338,713	78,938,977
Borrowings from related parties	4,887,564	1,565,328	9,437,446	648,654	16,538,992	15,134,304
Other borrowings	2,084,664	14,058,715	–	4,432,351	20,575,730	18,826,531
Lease liabilities	537,687	708,464	829,995	2,437,677	4,513,823	3,706,652

46.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustments to it in light of changes in economic condition. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares, and sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including current and non-current borrowings as well as lease liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statement of financial position, plus net debt.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.3 Capital risk management *(Continued)*

The table below analyzes the Group's capital structure.

	2023 RMB'000	2022 RMB'000
Bank borrowings (Note 36)	**119,280,644**	78,938,977
Borrowings from related parties (Note 37)	**27,024,008**	15,134,304
Other borrowings (Note 38)	**18,277,596**	18,826,531
Lease liabilities (Note 39)	**4,132,592**	3,706,652
Less: Cash and cash equivalents (Note 31)	**(5,738,815)**	(4,228,099)
Net debt	**162,976,025**	112,378,365
Total equity	**95,020,712**	68,590,105
Total capital	**257,996,737**	180,968,470
Gearing ratio	**63%**	62%

46.4 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into 3 levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the year. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity investments classified as equity instruments at FVTOCI.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

46. FINANCIAL INSTRUMENTS (CONTINUED)

46.4 Fair value estimation (Continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

Financial assets	Fair value 2023 RMB'000	Fair value 2022 RMB'000	Fair value hierarchy	Valuation technique and key inputs
Equity instruments at FVTOCI – Shanghai Power	**3,073,452**	3,636,555	Level 1	Quoted market prices at the end of reporting period (current bid price).
Equity instruments at FVTOCI – Unlisted equity investments in the PRC	**1,686,892**	495,112	Level 3	Market approach – 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 are market value of the equity interest, price-to-book ratio (1.25-1.30) and price earning ratio (4.29-13.28) of comparable companies and the marketability discount (11.09%-23.28%). The fair value measurement is positively correlated to the above ratios and negatively correlated to the discount for lack of marketability.
Debt instruments at FVTOCI	**59,345**	108,972	Level 3	Discounted cash flow at a comparable discount rate of 3.65%.

(b) Reconciliation of level 3 fair value measurements – Financial assets at FVTOCI:

	2023 RMB'000	2022 RMB'000
At 1 January	**604,084**	792,249
Additions	**3,037,691**	761,652
Derecognition	**(1,910,804)**	(947,108)
Total gains/(losses) in other comprehensive income	**15,266**	(2,709)
At 31 December	**1,746,237**	604,084

Included in other comprehensive income is a gain of RMB15,266,000 (2022: loss of RMB2,709,000) relating to equity instruments at FVTOCI – unlisted equity investments in the PRC and debt instruments at FVTOCI held at the end of the current reporting period, which is reported as changes of FVTOCI reserve.

47. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(a) Without loss of control

In September 2023, the Group and SPIC Qingneng (Beijing) New Energy Development Co., Ltd. (the "SPV") entered into five equity transfer agreements, pursuant to which the Group agreed to sell and the SPV agreed to acquire 73.30%, 100%, 49%, 49% and 49% equity interests respectively in five entities, Gansu China Power Jiuquan Third Wind Power Company Limited ("Jiuquan Third Wind Power"), Daqing Meiyangda New Energy Technology Development Company Limited, Huainan SPIC New Energy Co., Ltd. ("Huainan New Energy"), Heze SPIC New Energy Co., Ltd. and Dezhou Tianrui Wind Power Generating Co., Ltd. (together referred to as the "Target Companies") for an aggregate consideration of RMB3,412,468,000. Upon completion of the equity transfer, as the Group maintained the control and decision-making power of the Target Companies through its control over the SPV, their financial statements continued to be consolidated with the financial statements of the Group. Therefore, the Group recognized an increase of RMB2,690,008,000 in the non-controlling interests and an increase of RMB39,966,000 in other reserves.

During the year ended 31 December 2023, two of the Group's subsidiaries, Hubei Yufeng Energy Development Co., Ltd. ("Hubei Yufeng"), Hubei Zhuifeng Energy Development Co., Ltd. ("Hubei Zhuifeng") and Hubei Provincial Power Investment Qingneng New Energy Partnership Enterprise (Limited Partnership) (the "Other SPV") entered into three equity transfer agreements, pursuant to which Hubei Yufeng agreed to sell and the Other SPV agreed to acquire the 99.99% equity interests of Pingshun County Jieyuan New Energy Co., Ltd. ("Pingshun Jieyuan") and Qingtongxia Jieyuan New Energy Co., Ltd. ("Qingtongxia Jieyuan"); Hubei Zhuifeng agreed to sell and the Other SPV agreed to acquire the 99.99% equity interests of Yongzhou Juting New Energy Technology Co., Ltd. ("Yongzhou Juting") for an aggregate consideration of RMB510,600,000. Upon completion of the equity transfer, as the Group maintained the control and decision-making power of Pingshun Jieyuan, Qingtongxia Jieyuan and Yongzhou Juting through its control over the Other SPV, their financial statements continued to be consolidated with the financial statements of the Group. Therefore, the Group recognized an increase of RMB478,979,000 in the non-controlling interests and an increase of RMB31,621,000 in other reserves.

(b) Loss of control

On 29 December 2023, SPIC Shandong Energy Development Co., Ltd. ("Shandong Company") (a wholly-owned subsidiary of the Company) entered into an equity transfer agreement with Haiyang Energy, an associate of the Group, pursuant to which Shandong Company agreed to contribute 100% equity interests in Rushan Energy to Haiyang Energy, as an exchange for proportional capital contribution of shareholders. Upon completion of the equity transfer, Rushan Energy ceased to be a subsidiary and became an associate of the Group.

47. DISPOSAL OF INTERESTS IN SUBSIDIARIES (CONTINUED)

(b) Loss of control *(Continued)*

	2023 RMB'000
Non-current assets	
Property, plant and equipment	4,133,475
Right-of-use assets	75,484
Other non-current assets	13,887
Current assets	
Accounts receivable	69,305
Prepayments, deposits and other receivables	44
Amounts due from related parties	2,040
Cash and cash equivalents	115,034
Non-current liabilities	
Lease liabilities	(21,819)
Current liabilities	
Other payables and accrued charges	(55,312)
Bank borrowings	(9,000)
Construction costs payable	(3,923,279)
Lease liabilities	(27,568)
Tax payable	(6)
Net assets	372,285
Non-controlling interests	–
Equity attributable to owners of the respective company	372,285
Net assets subject to disposal	372,285
Value of exchanged investment to an associate	325,360
Loss on disposal of subsidiaries (pre-tax) (Note 7)	(46,925)
Net cash outflows arising on disposal	(115,034)

48. ACQUISITIONS OF SUBSIDIARIES

(a) Clean energy project companies

During the year ended 31 December 2023, the Group acquired 55.15%, 100%, 100%, 100% and 100% equity interests respectively in five entities, SPIC Beijing Electric Power Co., Ltd. ("Beijing Company") and its subsidiaries ("Beijing Group"), SPIC Fujian Electric Power Co., Ltd. and its subsidiaries ("Fujian Group"), SPIC Heilongjiang Power Co., Ltd. and its subsidiaries ("Heilongjiang Group"), SPIC Shanxi Power Co., Ltd. and its subsidiaries ("Shanxi Group") and Jieyang Qianzhan Wind Power Co., Ltd. ("Jieyang Qianzhan") (collectively referred to as "Acquired Entities") from SPIC, SPIC Guangdong Electric Power Co., Ltd. ("SPIC Guangdong") and China Power Complete Equipment Co., Ltd. ("CPCEC"), at a cash consideration of RMB10,790,266,000 (after consideration adjustments). SPIC Guangdong is an indirect non-wholly-owned subsidiary ultimately owned and controlled by SPIC. CPCEC is a wholly-owned subsidiary of SPIC. As such, these transactions were deemed as connected transactions. These acquisitions were completed on 30 September 2023 and they have been accounted for using the acquisition method. The acquisitions would accelerate the positioning of the Group as the clean energy flagship listed subsidiary of SPIC, further promote the implementation of the Group's new development strategy of transforming itself into a leading clean and low-carbon energy provider.

Consideration transferred

	Shanxi Group RMB'000	Heilongjiang Group RMB'000	Beijing Group RMB'000	Fujian Group RMB'000	Jieyang Qianzhan RMB'000	Total RMB'000
Cash paid	373,735	428,375	2,223,848	500,542	–	3,526,500
Consideration payable as at 31 December 2023	560,603	642,563	3,335,770	750,813	1,974,017	7,263,766
	934,338	1,070,938	5,559,618	1,251,355	1,974,017	10,790,266

48. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Clean energy project companies *(Continued)*

Assets and liabilities recognized at the date of acquisition

	Shanxi Group RMB'000	Heilongjiang Group RMB'000	Beijing Group RMB'000	Fujian Group RMB'000	Jieyang Qianzhan RMB'000	Total RMB'000
Non-current assets						
Property, plant and equipment	3,972,589	8,440,751	20,040,111	2,510,632	5,846,049	40,810,132
Right-of-use assets	87,270	440,362	1,724,077	611,314	119,435	2,982,458
Prepayments for construction of power plants	9,961	404,293	738,211	28,732	56,272	1,237,469
Other intangible assets	543,100	1,390,611	5,200,447	1,011,898	352,000	8,498,056
Interests in associates	230,813	–	115,942	36	–	346,791
Interests in joint ventures	–	–	173,320	259,609	–	432,929
Equity instruments at FVTOCI	10,000	94,171	–	30,000	–	134,171
Deferred income tax assets	6,939	188,364	241,953	64,538	–	501,794
Other non-current assets	375,920	381,530	920,267	267,979	432,917	2,378,613
Current assets						
Cash and cash equivalents	239,092	200,834	1,862,049	52,653	192,781	2,547,409
Accounts receivable	858,269	986,193	7,709,873	607,925	588,174	10,750,434
Prepayments, deposits and other receivables	59,089	322,283	330,678	84,956	42,486	839,492
Amounts due from related parties	32,341	42,862	246,485	51,825	–	373,513
Inventories	1,140	77,088	4,046	477	73	82,824
Non-current liabilities						
Bank borrowings	(3,686,030)	(6,089,195)	(11,573,458)	(1,985,636)	(4,360,307)	(27,694,626)
Borrowings from related parties	–	(1,757,000)	(1,728,050)	(79,000)	(230,000)	(3,794,050)
Other borrowings	(67,367)	(140,996)	(736,358)	(135,987)	–	(1,080,708)
Lease liabilities	(42,257)	(266,474)	(440,496)	(305,928)	(50,850)	(1,106,005)
Deferred income tax liabilities	(71,291)	(222,445)	(275,902)	(46,909)	(76,010)	(692,557)
Current liabilities						
Other payables and accrued charges	(221,869)	(75,350)	(1,121,790)	(162,933)	(47,318)	(1,629,260)
Construction costs payable	(465,941)	(632,643)	(2,515,041)	(505,899)	(1,200,086)	(5,319,610)
Amounts due to related parties	(45,766)	(10,589)	(812,187)	(30,192)	–	(898,734)
Bank borrowings	(230,743)	(445,320)	(3,341,069)	(331,332)	(12,263)	(4,360,727)
Borrowings from related parties	–	(600,000)	(2,300,000)	(16,000)	–	(2,916,000)
Other borrowings	–	–	(63,759)	–	–	(63,759)
Lease liabilities	(5,113)	(58,711)	(76,912)	(94,763)	(12,543)	(248,042)
Tax payable	(5,036)	(3,373)	(71,426)	(5,036)	–	(84,871)
Net identifiable assets acquired	1,585,110	2,667,246	14,251,011	1,882,959	1,640,810	22,027,136

48. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(a) Clean energy project companies *(Continued)*

Non-controlling interests

The non-controlling interests in Acquired Entities recognized at the acquisition date were measured by reference to the proportionate share of recognized fair value of net assets of the Acquired Entities amounting to RMB10,143,263,000.

Goodwill arising on acquisition

	Shanxi Group RMB'000	Heilongjiang Group RMB'000	Beijing Group RMB'000	Fujian Group RMB'000	Jieyang Qianzhan RMB'000	Total RMB'000
Consideration transferred	934,338	1,070,938	5,559,618	1,251,355	1,974,017	10,790,266
Add: Non-controlling interests	525,735	696,308	8,491,393	429,827	–	10,143,263
Add: Perpetual debts	200,000	900,000	200,000	201,777	–	1,501,777
Less: Net identifiable assets acquired	1,585,110	2,667,246	14,251,011	1,882,959	1,640,810	22,027,136
Goodwill recognized (Note 18)	74,963	–	–	–	333,207	408,170

Goodwill recognized mainly arising from intangible assets that do not qualify for separate recognition and expected synergies from the acquisition.

Net cash outflows/(inflows) arising on acquisition

	Shanxi Group RMB'000	Heilongjiang Group RMB'000	Beijing Group RMB'000	Fujian Group RMB'000	Jieyang Qianzhan RMB'000	Total RMB'000
Consideration paid in cash	373,735	428,375	2,223,848	500,542	–	3,526,500
Less: Cash and cash equivalents acquired	239,092	200,834	1,862,049	52,653	192,781	2,547,409
	134,643	227,541	361,799	447,889	(192,781)	979,091

Since the acquisition, the Acquired Entities contributed RMB1,844,830,000 to the Group's revenue and RMB236,679,000 to the profit for the year ended 31 December 2023.

(b) Wuhan Lvda

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

Consideration transferred

	2023 RMB'000
Cash paid	85,971

48. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Wuhan Lvda *(Continued)*

Assets and liabilities recognized at the date of acquisition

	2023 RMB'000
Non-current assets	
Property, plant and equipment	1,190,542
Right-of-use assets	10,091
Deferred income tax assets	3,631
Other non-current assets	80,619
Current assets	
Cash and cash equivalents	17,299
Accounts receivable	148,649
Prepayments, deposits and other receivables	182,362
Amounts due from related parties	65,281
Non-current liabilities	
Bank borrowings	(1,173,369)
Current liabilities	
Construction costs payable	(97,980)
Other payables and accrued charges	(40,904)
Amounts due to related parties	(105,477)
Bank borrowings	(35,000)
Tax payable	(113)
Net identifiable assets acquired	245,631

Non-controlling interests

45% of the non-controlling interests in Wuhan Lvda recognized at the acquisition date were measured by reference to the proportionate share of recognized amounts of net assets of the acquired entities and amounts to RMB110,534,000.

Goodwill arising on acquisition

	2023 RMB'000
Cash consideration	85,971
Add: Non-controlling interests	110,534
Add: Remeasurement of previously held equity interest	49,126
Less: Net identifiable assets acquired	245,631
	–

Net cash outflows arising on acquisition

	2023 RMB'000
Consideration paid in cash	85,971
Less: Cash and cash equivalents acquired	17,299
	68,672

48. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Wuhan Lvda *(Continued)*

The acquisition of Wuhan Lvda was completed on 31 December 2023, thus no contribution was made by Wuhan Lvda to the Group's revenue or profit for the year ended 31 December 2023.

Had the combination disclosed in both Note 48(a) and 48(b) taken place at the beginning of the year, the revenue and the profit of the Group for the current year would have been RMB50,125,606,000 and RMB5,486,251,000, respectively.

49. RELATED PARTY TRANSACTIONS

The Group is controlled by CPI Holding, an intermediate holding company which directly holds approximately 22.9% (2022: 22.9%) of the Company's shares, and indirectly holds approximately 21.5% (2022: 21.5%) of the Company's shares through CPDL. In addition, SPIC International Finance (Hong Kong) Company Limited ("SPIC Finance HK") and SPIC Fund Investment Co., Ltd. ("SPIC Fund"), both are wholly-owned subsidiary of SPIC and also a fellow subsidiary of the Company, holds approximately 3.6% (2022: 3.2%) and 0.8% (2022: Nil) respectively of the Company's shares. CPNE, an indirect non-wholly subsidiary of SPIC, holds approximately 14.9% (2022: 13.5%) of the Company's shares at 31 December 2023. SPIC, the beneficial owner of CPI Holding and SPIC Finance HK, SPIC Fund and CPNE, owned approximately 63.7% (2022: 61.1%) of the equity interest in the Company in aggregate as at 31 December 2023.

SPIC is controlled by the PRC government which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (Revised), government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include SPIC, its subsidiaries, joint ventures and associates (other than the Group), other government-related entities and their subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and SPIC as well as their close family members.

For the purpose of the related party transactions disclosures, the Directors believe that it is also meaningful to disclose the related party transactions with SPIC companies for the interests of financial statements users. The Directors believe that the information of related party transactions has been adequately disclosed in the consolidated financial statements. Some of the related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The following is a summary of significant related party transactions which, in the opinion of the Directors, are entered into in the ordinary course of the Group's business in addition to the related party information shown elsewhere in the consolidated financial statements.

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income

	Notes	2023 RMB'000	2022 RMB'000
Interest income from:	(i)		
— SPIC Financial		**43,226**	34,584
— A joint venture		**90,375**	–
— Associates		**32,538**	49,491
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**11,193**	–
Dividend income from:	(ii)		
— Shanghai Power		**12,715**	–
— Huainan Mining Industry (Group) Company Limited		**9,112**	–
— Zhongdian Clean Industry Entrepreneurship Investment Fund (Tianjin) Partnership Enterprise (Limited Partnership)		**3,671**	–
Rental income from:	(iii)		
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**1,319**	–
— Joint ventures		**1,359**	1,092
— Associates		**1,179**	–
— Non-controlling interests		**3,907**	214
Income from provision of repairs and maintenance services to:	(iii)		
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**118,217**	68,847
— Associates		**6,556**	6,143
Income from provision of entrusted management services to:	(iii)		
— CPI Holding		**70,378**	77,374
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**25,346**	23,672
Income from provision of IT and other services to:	(iii)		
— SPIC		**660**	1,585
— CPI Holding		**4,953**	1,590
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**169,498**	78,734
— Associates		**616,523**	239,149
— A joint venture		**481**	495
Sales of coal, coal by-products and spare parts to:	(iii)		
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**23,202**	11,815
— Associates		**62,135**	224,363
— Non-controlling interests		**–**	311
Sales of heat to:	(iii)		
— Non-controlling interests		**–**	36,883
— A joint venture		**–**	1,922
Sales of energy storage equipment to companies controlled by SPIC other than CPI Holding and SPIC Financial	(iii)	**772,763**	–
(Loss)/gain on disposal of a subsidiary (pre-tax) (Note 47(b))	(iv)	**(46,925)**	4,654
Gain on recognition of negative goodwill from acquisition of subsidiaries from SPIC other than CPI Holding and SPIC Financial		**–**	1,551,609
Gain on remeasurement of remaining equity interests in an associate after loss of control over a subsidiary		**–**	4,472

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income *(Continued)*

Notes:

(i) Interest income from these related parties was charged at interest rates from 0.30% to 5.66% (2022: 0.30% to 5.66%) per annum.

(ii) Dividend incomes were recognized based on dividends declared by its boards of directors in proportion to the Group's interests in it.

(iii) These incomes were charged in accordance with the terms of the relevant agreements.

(iv) In 2023, the Group disposed 100% equity interests of Rushan Energy to Haiyang Energy, and Rushan Energy became an associate of the Group.

(b) Expenses

	Notes	2023 RMB'000	2022 RMB'000
Purchases of coal, coal by-products and spare parts from:	(i)		
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**10,056**	95,168
— Joint ventures		**–**	44,102
— Non-controlling interests		**6,570,945**	8,363,793
Construction costs and other services fees to:	(ii)		
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**2,057,900**	1,140,727
— Non-controlling interests		**1,026,981**	498,183
— Associates		**68,304**	–
Interest expenses to:	(iii)		
— SPIC		**416,207**	380,642
— CPI Holding		**1,823**	10,710
— SPIC Financial		**190,266**	243,335
— An associate		**618**	1,021
— Companies controlled by SPIC other than CPI Holding and SPIC Financial		**73,201**	49,622
— Companies controlled by SPIC other than CPI Holding and SPIC Financial on lease liabilities		**42,555**	56,256
Acquisition of subsidiaries from SPIC (Note 48)	(iv)	**8,816,249**	–
Acquisition of subsidiaries from companies controlled by SPIC other than CPI Holding and SPIC Financial (Note 48)	(iv)	**1,974,017**	5,769,083
Acquisition of non-controlling interests from companies controlled by SPIC other than CPI Holding and SPIC Financial	(v)	**1,033,853**	–
Acquisition of a subsidiary from a joint venture		**–**	547,132

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Expenses *(Continued)*

Notes:

(i) Purchases of coal, coal by-products and spare parts were charged in accordance with the terms of the relevant agreements.

(ii) Construction costs and other services fees were mainly related to construction services, repairs and maintenance services, transportation services and other services which were charged based on mutually agreed prices.

(iii) Interest expenses to these related parties are charged at interest rates ranged from 2.15% to 6.11% (2022: ranged from 2.05% to 7%) per annum.

(iv) As disclosed in Note 48, the Company entered into equity transfer agreements with SPIC and companies controlled by SPIC, other than CPI Holding and SPIC Financial, acquiring control rights of several subsidiaries, at a consideration of RMB10,790,266,000.

(v) In September 2023, the SPV entered into equity transfer agreements with a company controlled by SPIC, other than CPI Holding and SPIC Financial, acquiring non-controlling interests in Jiuquan Third Wind Power, at a consideration of RMB1,033,853,000.

(c) Financial assistance provided by a related party

As disclosed in Note 34, the Company and certain subsidiaries entered into the perpetual debt investment contracts with Bridge Trust. For the year ended 31 December 2023, the Group received RMB5,008,740,000 perpetual debts.

(d) Year-end balances with related parties

Year-end balances with related parties are disclosed in Notes 17, 24, 27, 28, 31, 34 and 37.

(e) Lease arrangements with related parties

Details of lease arrangements with related parties are disclosed in Note 39.

(f) For the years ended 31 December 2023 and 2022, the Group's significant transactions and balances with entities that were controlled, jointly-controlled or significantly influenced by the PRC government mainly include:

(i) bank deposits in state-owned banks and the related interest income

(ii) bank borrowings from state-owned banks and the related interest expenses

(iii) sales of electricity to provincial power grid companies owned by the PRC government and the related receivables

(iv) purchases of coal from state-owned enterprises and the related payables

(v) reservoir maintenance and usage fees to the PRC government

(vi) service fees to state-owned enterprises

(vii) compensation for inundation to the PRC government

The prices and terms of these transactions are set out in the relevant agreements governing these transactions or as mutually agreed.

49. RELATED PARTY TRANSACTIONS (CONTINUED)

(g) Key management personnel compensation

	2023 RMB'000	2022 RMB'000
Fees, basic salaries, housing allowance, other allowances and benefits in kind, discretionary bonuses and other benefits	**8,580**	8,406
Employer's contribution to pension plans	**547**	837
Share-based payment expenses	**647**	2,578

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of the principal subsidiaries as at 31 December 2023:

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Anhui Huainan Pingwei Electric Power Generation Company Limited (安徽淮南平圩發電有限責任公司)	The PRC	RMB841,600,000	60%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Huainan Pingwei No. 2 Electric Power Generation Co., Ltd. (淮南平圩第二發電有限責任公司)	The PRC	USD104,153,000	60%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Huainan Pingwei No. 3 Electric Power Generation Co., Ltd. (淮南平圩第三發電有限責任公司)	The PRC	RMB1,571,800,000/ RMB1,460,079,000	60%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Wu Ling Power Corporation ("Wu Ling Power") (五凌電力有限公司)	The PRC	RMB7,790,000,000/ RMB10,185,454,000	63%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Sichuan CPI Fuxi Power Company Limited (四川中電福溪電力開發有限公司)	The PRC	RMB968,000,000	51%	-	Sino-foreign equity joint venture	Generation and sale of electricity
China Power Guorui Supply Chain Management Co., Ltd. (中電國瑞供應鏈管理有限公司)	The PRC	RMB3,450,000,000/ RMB632,614,000	100%	-	Wholly foreign-owned enterprise	Provision of logistic services
Wuhu Electric Power Generating Company Limited (蕪湖發電有限責任公司)	The PRC	RMB947,188,000	-	100%	Limited liability company	Generation and sale of electricity
China Power (Pu'an) Power Generating Company Limited (中電(普安)發電有限責任公司)	The PRC	RMB999,120,000/ RMB940,023,000	95%	-	Sino-foreign equity joint venture	Generation and sale of electricity
Shanxi China Power Shentou No.2 Power Generating Company Limited (山西中電神頭第二發電有限責任公司)	The PRC	RMB2,385,317,000/ RMB1,784,776,000	100%	-	Wholly foreign-owned enterprise	Generation and sale of electricity
Datong China Power Photovoltaic Power Generating Company Limited (大同中電光伏發電有限公司)	The PRC	RMB680,430,000	-	100%	Limited liability company	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
China Power (Jiangmen) Comprehensive Energy Company Limited (中電(江門)綜合能源有限公司)	The PRC	RMB204,000,000/ RMB193,000,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
China Power (Shangqiu) Thermal Power Company Limited (中電(商丘)熱電有限公司)	The PRC	RMB1,435,523,000/ RMB1,197,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
China Power Integrated Smart Energy Co., Ltd. (中電智慧綜合能源有限公司)	The PRC	RMB1,000,000,000/ RMB521,852,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
Guizhou Qingshuijiang Hydropower Co., Ltd. (貴州清水江水電有限公司)	The PRC	RMB3,400,000,000/ RMB3,285,500,000	–	95%	Limited liability company	Generation and sale of electricity
Huaihua Yuanjiang Power Development Co., Ltd. (懷化沅江電力開發有限責任公司)	The PRC	RMB3,800,000,000	–	100%	Limited liability company	Generation and sale of electricity
Yangshan Jinshun Power Generation Co., Ltd. (陽山縣金順力發電有限公司)	The PRC	RMB205,000,000	–	100%	Limited liability company	Generation and sale of electricity
China Power Changshu Thermoelectric Co., Ltd. (中電常熟熱電有限公司)	The PRC	RMB344,000,000/ RMB307,960,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Wuling Shanshan Electric Power Co., Ltd. (五凌鄯善電力有限公司)	The PRC	RMB274,000,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Linxiang Electric Power Co., Ltd. (五凌臨湘電力有限公司)	The PRC	RMB279,000,000	–	100%	Limited liability company	Generation and sale of electricity
Gulang Yonghe New Energy Investment Co., Ltd. (古浪縣雍和新能源投資有限責任公司)	The PRC	RMB140,000,000	–	70%	Limited liability company	Generation and sale of electricity
SPIC Guangxi Electric Power Co., Ltd. (國家電投集團廣西電力有限公司)	The PRC	RMB2,200,000,000/ RMB1,764,000,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
SPIC Guangxi Changzhou Hydropower Development Co., Ltd. (國家電投集團廣西長洲水電開發有限公司)	The PRC	RMB901,518,000	–	64.93%	Limited liability company	Generation and sale of electricity
SPIC Guangxi Xing'an Wind Power Co., Ltd. (國家電投集團廣西興安風電有限公司)	The PRC	RMB1,471,253,000/ RMB1,255,059,000	–	95%	Limited liability company	Generation and sale of electricity
Shandong Company (國家電投集團山東能源發展有限公司)	The PRC	RMB5,000,000,000/ RMB2,361,538,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Anqiu Hengtai New Energy Technology Co., Ltd. (安丘恒泰新能源科技有限公司)	The PRC	RMB331,820,000/ RMB331,819,000	–	51%	Limited liability company	Generation and sale of electricity
Huainan New Energy (淮南市國家電投新能源有限公司)	The PRC	RMB300,000,000/ RMB240,100,000	–	100%	Limited liability company	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Held by subsidiaries	Type of legal entity	Principal activities
SPIC Anhui Electric Power Co., Ltd. (國家電投集團安徽電力有限公司) (formerly known as SPIC Anhui New Energy Co., Ltd. (國家電力投資集團安徽新能源有限公司))	The PRC	RMB1,437,000,000/ RMB869,449,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
SPIC Hubei Power Co., Ltd. (國家電投集團湖北電力有限公司) (formerly known as SPIC Hubei Lvdong New Energy Co., Ltd. (國家電投集團湖北綠動新能源有限公司))	The PRC	RMB4,830,000,000/ RMB2,971,503,000	100%	–	Wholly foreign-owned enterprise	Investment on new energy power resources
Zhongning Longji Photovoltaic New Energy Co., Ltd. (中寧縣隆基光伏新能源有限公司)	The PRC	RMB300,000,000	–	70%	Limited liability company	Generation and sale of electricity
China Power (Chaoyang) New Energy Co., Ltd. (中電(朝陽)新能源有限公司)	The PRC	RMB1,500,000,000/ RMB974,863,000	–	100%	Limited liability company	Generation and sale of electricity
Changzi Xiehe Wind Power Co., Ltd. (長子縣朗晴協合風電有限公司)	The PRC	RMB164,000,000	–	100%	Limited liability company	Generation and sale of electricity
Daixian Xinhuaneng Energy Development Co., Ltd. (代縣新華能能源開發有限公司)	The PRC	RMB270,000,000	–	51%	Limited liability company	Provision of technical services in relation to generation of electricity
Jingle Xinfeng Energy Development Co., Ltd. (靜樂縣新風能源發展有限公司)	The PRC	RMB180,000,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
Jingle Hongyi Energy Development Co., Ltd. (靜樂弘義能源開發有限公司)	The PRC	RMB360,000,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
Shenchi Jinyuan Xinfeng Energy Development Co., Ltd. (神池晉源新風能源開發有限公司)	The PRC	RMB180,000,000	–	70%	Limited liability company	Provision of technical services in relation to generation of electricity
SPIC Gushi New Energy Co., Ltd. (國家電投固始新能源有限公司)	The PRC	RMB324,000,000/ RMB323,008,000	–	100%	Limited liability company	Provision of technical services in relation to generation of electricity
Chengde Shenyuan Solar Power Generation Co., Ltd. (承德神源太陽能有限公司)	The PRC	RMB346,428,000/ RMB275,046,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Jingmen Lvdong Energy Company Limited (國家電投集團荊門綠動能源有限公司)	The PRC	RMB200,000,000/ RMB123,000,000	–	90%	Limited liability company	Generation and sale of electricity
Shandong Tianrui New Energy Co., Ltd. (山東天瑞新能源有限公司)	The PRC	RMB169,100,000	–	70%	Limited liability company	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
Shanghe Guorui Power Investment Wind Power Co., Ltd. (商河國瑞電投風力發電有限公司)	The PRC	RMB332,000,000/ RMB164,725,000	–	66%	Limited liability company	Generation and sale of electricity
Qingyun Guorui Power Investment New Energy Co., Ltd. (慶雲國瑞電投新能源有限公司)	The PRC	RMB172,000,000	–	66%	Limited liability company	Generation and sale of electricity
Qianjiang Lvdong Wind Power Co., Ltd. (潛江綠動風電有限公司)	The PRC	RMB152,000,000/ RMB138,245,000	–	90%	Limited liability company	Generation and sale of electricity
Ruicheng Lvlong Clean Energy Co., Ltd. (芮城縣綠隆清潔能源有限公司)	The PRC	RMB192,000,000/ RMB189,118,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Haiyang Offshore Wind Power Co., Ltd. (國家電投集團海陽海上風電有限公司)	The PRC	RMB1,100,000,000/ RMB1,039,850,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Haiyang Energy Development Co., Ltd. (國家電投集團海陽能源發展有限公司)	The PRC	RMB730,000,000	45.21%	54.79%	Sino-foreign equity joint venture	Generation and sale of electricity
Datong Xinrong Ruilong Clean Energy Co., Ltd. (大同市新榮區瑞隆清潔能源有限公司)	The PRC	RMB651,000,000	–	100%	Limited liability company	Generation and sale of electricity
Xinyuan Smart Storage Energy Development (Beijing) Co., Ltd. (新源智儲能源發展(北京)有限公司)	The PRC	RMB537,634,000	47.43%	–	Sino-foreign equity joint venture	Generation and sale of electricity
Xilinhot Mingyang Smart Energy Co., Ltd. (錫林浩特市明陽智慧能源有限公司)	The PRC	RMB146,000,000/ RMB120,428,000	–	100%	Limited liability company	Generation and sale of electricity
China Power Dafeng Wind Power Co., Ltd. (中電大豐風力發電有限公司)	The PRC	RMB704,406,000/ RMB526,298,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Hubei China Power Chunyang Mountain Wind Power Co., Ltd. (湖北中電純陽山風電有限公司)	The PRC	RMB186,930,000/ RMB149,500,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Gansu China Power Baiyin Photovoltaic Power Generation Co., Ltd. (甘肅中電白銀光伏發電有限公司)	The PRC	RMB372,190,000/ RMB362,447,000	–	60.47%	Limited liability company	Generation and sale of electricity
Jiuquan Third Wind Power (甘肅中電酒泉第三風力發電有限公司)	The PRC	RMB2,317,058,000	–	100%	Limited liability company	Generation and sale of electricity
Guangxi Nanning Lvdong New Energy Investment Co., Ltd. (廣西南寧綠動新能源投資有限公司)	The PRC	RMB310,000,000/ RMB292,000,000	–	100%	Limited liability company	Generation and sale of electricity
China Power (Hubei) New Energy Co., Ltd. (中電(湖北)新能源有限公司)	The PRC	RMB1,433,100,000/ RMB432,690,000	70%	–	Sino-foreign equity joint venture	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
SPIC Heilongjiang Power Co., Ltd. (國家電投集團黑龍江電力有限公司)	The PRC	RMB2,500,000,000/ RMB676,780,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
SPIC Fujian Electric Power Co., Ltd. (國家電投集團福建電力有限公司)	The PRC	RMB2,000,000,000/ RMB895,124,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Guyuan County Guangsheng Photovoltaic Power Generation Co., Ltd. (沽源縣光晟光伏發電有限公司)	The PRC	RMB428,000,000/ RMB408,114,000	–	100%	Limited liability company	Generation and sale of electricity
Haikou China Power Second Environmental Power Generation Co., Ltd. (海口中電第二環保發電有限公司)	The PRC	RMB193,270,000/ RMB175,000,000	–	100%	Limited liability company	Generation and sale of electricity
Qionghai China Power Environmental Power Generation Co., Ltd. (瓊海中電環保發電有限公司)	The PRC	RMB264,220,000/ RMB259,320,000	–	100%	Limited liability company	Generation and sale of electricity
Xinyuan Green Energy Power (Beijing) Co., Ltd. ("Xinyuan Green Power") (新源綠能電力(北京)有限公司)	The PRC	RMB3,665,713,000	54.56%	–	Sino-foreign equity joint venture	Investment on new energy power resources
Ninghai Xindian Power Development Co., Ltd. (甯海新電電力開發有限公司)	The PRC	RMB250,000,000	–	100%	Limited liability company	Generation and sale of electricity
Kezhou Lvdong Energy Development Co., Ltd. (克州綠動能源發展有限公司)	The PRC	RMB512,000,000/ RMB203,000,000	–	100%	Limited liability company	Generation and sale of electricity
Fanzhi County Xiehe Wind Power Generation Co., Ltd. (繁峙縣協合風力發電有限公司)	The PRC	RMB160,000,000/ RMB62,500,000	–	100%	Limited liability company	Generation and sale of electricity
Jieyang Qianzhan Wind Power Generation Co., Ltd. (揭陽前詹風電有限公司)	The PRC	RMB7,200,000,000/ RMB1,401,537,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Beijing Company (國家電投集團北京電力有限公司)	The PRC	RMB6,116,057,000/ RMB6,116,112,000	55.15%	–	Sino-foreign equity joint venture	Generation and sale of electricity
SPIC Lan County New Energy Co., Ltd. (國家電投集團嵐縣新能源有限公司)	The PRC	RMB247,800,000/ RMB287,800,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Damaoqi New Energy Power Generation Co., Ltd. (國家電投集團達茂旗新能源發電有限公司)	The PRC	RMB321,900,000/ RMB361,900,000	–	100%	Limited liability company	Generation and sale of electricity
Anda Xingdian New Energy Co., Ltd. (安達市興電新能源有限公司)	The PRC	RMB635,000,000/ RMB582,840,000	–	100%	Limited liability company	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2023: *(Continued)*

Name of companies	Place of establishment and operation	Registered/ paid up capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by subsidiaries	Type of legal entity	Principal activities
SPIC Shanxi Power Co., Ltd. (國家電投集團山西電力有限公司)	The PRC	RMB2,800,000,000/ RMB802,252,000	100%	–	Wholly foreign-owned enterprise	Generation and sale of electricity
Shanxi Yulong Group Youyu Niuxinbao Wind Power Generation Co., Ltd. (山西玉龍集團右玉牛心堡風力發電有限公司)	The PRC	RMB375,920,000	–	100%	Limited liability company	Generation and sale of electricity
Wuling Yuanling Electric Power Co., Ltd. (五凌沅陵電力有限公司)	The PRC	RMB172,600,000	–	100%	Limited liability company	Generation and sale of electricity
Xinyuan Jinwu (Beijing) Technology Co., Ltd. (新源勁吾(北京)科技有限公司)	The PRC	RMB100,000,000/ RMB60,100,000	51%	–	Sino-foreign equity joint venture	Provision of technical services
Guangxi Fuwei New Energy Co., Ltd. (廣西福維新能源有限公司)	The PRC	RMB100,000,000/ RMB83,730,000	–	85%	Limited liability company	Generation and sale of electricity
SPIC Tongdao Wind Power Generation Co., Ltd. (國家電投集團通道風力發電有限公司)	The PRC	RMB138,000,000/ RMB181,930,000	–	100%	Limited liability company	Generation and sale of electricity
Liaoning Zhitong Dongguan Photovoltaic Power Co., Ltd. (遼寧直通東關光伏電力有限公司)	The PRC	RMB150,000,000/ RMB20,000,000	–	100%	Limited liability company	Generation and sale of electricity
Yuzhou Yaodian Linyu New Energy Co., Ltd. (汝州市姚電臨汝新能源有限公司)	The PRC	RMB154,000,000/ RMB117,901,000	–	100%	Limited liability company	Generation and sale of electricity
Tongxin Yuezhong New Energy Co., Ltd. (同心縣粵中新能源有限公司)	The PRC	RMB181,400,000	–	100%	Limited liability company	Generation and sale of electricity
Qingtongxia Jieyuan (青銅峽市潔源新能源有限公司)	The PRC	RMB35,000,000	–	100%	Limited liability company	Generation and sale of electricity
Qingtongxia Guxia New Energy Co., Ltd. (青銅峽市古峽新能源有限公司)	The PRC	RMB155,200,000	–	100%	Limited liability company	Generation and sale of electricity
Yangxin Dehui Wind Power Generation Co., Ltd. (陽信德惠風力發電有限公司)	The PRC	RMB218,000,000	–	100%	Limited liability company	Generation and sale of electricity
SPIC Urad Middle Banner New Energy Co., Ltd. (國家電投集團烏拉特中旗新能源發電有限公司)	The PRC	RMB84,000,000/ RMB94,000,000	–	100%	Limited liability company	Generation and sale of electricity
Huaian Zhongheng New Energy Co., Ltd. (淮安中恒新能源有限公司)	The PRC	RMB300,000,000/ RMB170,968,000	–	80%	Limited liability company	Generation and sale of electricity

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive (expense)/income allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Wu Ling Power and its subsidiaries (collectively known as "Wu Ling Group")	The PRC	**37%**	37%	**(112,558)**	216,199	**5,702,608**	5,908,020
Beijing Group	The PRC	**44.85%**	–	**(15,764)**	–	**4,533,455**	–
Subsidiaries with individually immaterial non-controlling interests						**31,144,908**	15,713,440
						41,380,971	21,621,460

The non-controlling interests in respect of the rest of entities with non-controlling interests were individually not material. Set out below are the summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests.

(1) Wu Ling Group

Summarized consolidated statement of financial position

	Wu Ling Group	
	2023 RMB'000	2022 RMB'000
Non-current assets	**65,693,617**	61,826,807
Current assets	**4,249,535**	4,778,433
Non-current liabilities	**(35,328,682)**	(33,482,433)
Current liabilities	**(10,740,060)**	(11,113,641)
Total equity	**23,874,410**	22,009,166
Equity attributable to shareholders of Wu Ling Power	**15,412,455**	15,967,620
Non-controlling interests of Wu Ling Power (at 37%)	**5,702,608**	5,908,020

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(1) Wu Ling Group *(Continued)*

Summarized consolidated income statement and consolidated statement of comprehensive income

	Wu Ling Group	
	2023 **RMB'000**	2022 RMB'000
Revenue	**6,159,673**	7,396,324
Profit for the year	**260,779**	796,088
(Loss)/profit attributable to shareholders of Wu Ling Power	**(299,847)**	564,898
(Loss)/profit attributable to the non-controlling interests of Wu Ling Power (at 37%)	**(110,943)**	209,012
Other comprehensive (expense)/income for the year	**(4,337)**	19,439
Other comprehensive (expense)/income attributable to shareholders of Wu Ling Power	**(4,364)**	19,425
Other comprehensive (expense)/income attributable to the non-controlling interests of Wu Ling Power (at 37%)	**(1,615)**	7,187
Total comprehensive income for the year	**256,442**	815,527
Total comprehensive (expense)/income attributable to shareholders of Wu Ling Power	**(304,211)**	584,323
Total comprehensive (expense)/income attributable to the non-controlling interests of Wu Ling Power (at 37%)	**(112,558)**	216,199

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(1) Wu Ling Group *(Continued)*

Summarized consolidated statement of cash flows

	Wu Ling Group	
	2023	2022
	RMB'000	RMB'000
Dividends paid	**(165,633)**	(200,075)
Dividends paid to non-controlling interests	**(209,854)**	(136,060)
Net cash inflow from operating activities	**4,389,766**	4,361,191
Net cash outflow from investing activities	**(5,082,700)**	(6,483,809)
Net cash inflow from financing activities	**1,024,872**	2,827,626
Net (decrease)/increase in cash and cash equivalents	**(43,549)**	368,873
Cash and cash equivalents at 1 January	**676,462**	307,589
Cash and cash equivalents at 31 December	**632,913**	676,462

The financial information presented above is before inter-company eliminations.

(2) Beijing Group

Summarized consolidated statement of financial position

	Beijing Group
	2023
	RMB'000
Non-current assets	**29,465,945**
Current assets	**9,108,759**
Non-current liabilities	**(14,767,197)**
Current liabilities	**(9,505,434)**
Total equity	**14,302,073**
Equity attributable to shareholders of Beijing Company	**10,108,039**
Non-controlling interests of Beijing Company (at 44.85%)	**4,533,455**

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Material non-controlling interests *(Continued)*

(2) Beijing Group *(Continued)*

Summarized consolidated income statement and consolidated statement of comprehensive income

	Beijing Group
	2023
	RMB'000
Revenue	1,060,513
Profit for the year	48,193
Loss attributable to shareholders of Beijing Company	(35,149)
Loss attributable to the non-controlling interests of Beijing Company (at 44.85%)	(15,764)

Summarized consolidated statement of cash flows

	Beijing Group
	2023
	RMB'000
Net cash outflow from operating activities	(501,728)
Net cash outflow from investing activities	(282,303)
Net cash outflow from financing activities	(12,908)
Net decrease in cash and cash equivalents	(796,939)
Cash and cash equivalents at 1 October	1,862,049
Cash and cash equivalents at 31 December	1,065,110

The financial information presented above is before inter-company eliminations.

51. CONTINGENT LIABILITIES

There are no material contingent liabilities of the Group at 31 December 2023.

52. EVENT AFTER THE REPORTING PERIOD

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

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**14,350**	21,030
Right-of-use assets	**29,742**	76,465
Investments in subsidiaries	**48,808,317**	34,237,685
Interests in associates	**3,876,891**	3,090,834
Interests in joint ventures	**715,707**	665,707
Equity instruments at FVTOCI	**3,073,452**	3,636,555
Other non-current assets	**4,696**	500,000
Loans to subsidiaries	**–**	1,300,000
	56,523,155	43,528,276
Current assets		
Loans to subsidiaries	**3,511,263**	5,103,996
Prepayments, deposits and other receivables	**2,233**	262,657
Amounts due from related parties	**381,452**	2,046,653
Amounts due from subsidiaries	**714,042**	707,032
Dividends receivable	**187,853**	149,241
Cash and cash equivalents	**878,049**	1,629,980
	5,674,892	9,899,559
Total assets	**62,198,047**	53,427,835
EQUITY		
Share capital (Note 32)	**24,508,986**	24,508,986
Other equity instruments (Note 34)	**3,015,213**	2,997,600
Reserves (note)	**5,402,360**	4,452,664
Total equity	**32,926,559**	31,959,250

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
LIABILITIES		
Non-current liabilities		
Other borrowings	**8,000,000**	13,000,000
Lease liabilities	**–**	55,783
Deferred income tax liabilities	**451,487**	593,248
	8,451,487	13,649,031
Current liabilities		
Other payables and accrued charges	**285,001**	295,440
Amounts due to related parties	**7,510,374**	1,355,183
Amounts due to subsidiaries	**2,298,752**	2,425,234
Bank borrowings	**1,300,000**	529,000
Borrowings from related parties	**2,400,000**	1,200,000
Other borrowings	**7,000,000**	2,000,000
Lease liabilities	**25,874**	14,697
	20,820,001	7,819,554
Total liabilities	**29,271,488**	21,468,585
Total equity and liabilities	**62,198,047**	53,427,835
Net current (liabilities)/assets	**(15,145,109)**	2,080,005
Total assets less current liabilities	**41,378,046**	45,608,281

The statement of financial position was approved and authorized for issue by the Board on 21 March 2024 and is signed on its behalf by:

HE Xi
Director

GAO Ping
Director

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

Movements in the Company's reserves

	FVTOCI reserve RMB'000	Share-based payment reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2023	**1,790,695**	**28,802**	**–**	**2,633,167**	**4,452,664**
Profit for the year	**–**	**–**	**–**	**2,727,118**	**2,727,118**
Fair value loss on equity instruments at FVTOCI, net of tax	**(422,327)**	**–**	**–**	**–**	**(422,327)**
Share-based payment expenses	**–**	**7,422**	**–**	**–**	**7,422**
Issuance of perpetual medium-term notes	**–**	**–**	**(1,800)**	**–**	**(1,800)**
2022 final dividend	**–**	**–**	**–**	**(1,360,717)**	**(1,360,717)**
At 31 December 2023	**1,368,368**	**36,224**	**(1,800)**	**3,999,568**	**5,402,360**
At 1 January 2022	2,556,333	–	–	2,981,968	5,538,301
Profit for the year	–	–	–	192,868	192,868
Fair value loss on equity instruments at FVTOCI, net of tax	(765,638)	–	–	–	(765,638)
Share-based payment expenses	–	28,802	–	–	28,802
2021 final dividend	–	–	–	(541,669)	(541,669)
At 31 December 2022	1,790,695	28,802	–	2,633,167	4,452,664

Five-Year Financial and Operations Summary

	2023 RMB million	2022 RMB million	2021 RMB million (restated)	2020 RMB million	2019 RMB million
Revenue	44,261.8	43,689.1	35,476.7	28,427.7	27,763.3
Profit before taxation	5,426.6	3,344.0	1,038.2	3,826.1	2,714.2
Income tax expense	(892.6)	(658.7)	(361.9)	(900.6)	(513.0)
Profit for the year	4,534.0	2,685.3	676.3	2,925.6	2,201.2
Attributable to:					
Equity holders of the Company	3,084.5	2,648.0	(256.3)	1,708.3	1,284.4
Non-controlling interests	1,449.5	37.3	932.6	1,217.3	916.8
Basic earnings per share (RMB)	0.22	0.22	(0.04)	0.17	0.13
Dividend per share (RMB)	0.132	0.110	0.050	0.130	0.130
Total non-current assets	260,164.6	180,519.2	156,675.6	137,842.8	127,310.7
Total current assets	45,642.2	30,885.7	18,570.4	18,105.9	12,979.0
Total assets	305,806.8	211,404.9	175,246.0	155,948.7	140,289.7
Total current liabilities	75,170.6	45,925.0	45,535.8	43,277.9	35,535.2
Total non-current liabilities	135,615.5	96,889.8	77,333.5	66,880.9	59,621.3
Net assets	95,020.7	68,590.1	52,376.7	45,789.9	45,133.2
Equity attributable to equity holders of the Company	53,639.7	46,968.6	36,052.5	33,397.8	30,320.1
Non-controlling interests	41,381.0	21,621.5	16,324.2	12,392.1	14,813.1
Total equity	95,020.7	68,590.1	52,376.7	45,789.9	45,133.2
Consolidated installed capacity (MW)	45,018.8	31,599.2	28,931.9	26,845.8	23,698.7
Attributable installed capacity (MW)	37,639.5	29,333.6	24,960.8	23,878.2	21,113.2
Gross power generation (MWh)	107,582,860	112,942,437	104,926,234	91,902,510	87,134,871
Total electricity sold (MWh)	103,239,505	108,170,802	100,612,928	88,255,525	83,558,993
Net coal consumption rate (g/kWh)	298.72	302.37	301.16	303.31	301.82

Technical Glossary and Definitions

"ABC Financial"	ABC Financial Asset Investment Co., Ltd.* (農銀金融資產投資有限公司), a substantial shareholder of SPIC Beijing Electric Power Co., Ltd. (國家電投集團北京電力有限公司), a subsidiary of the Company
"ASEAN"	Association of Southeast Asian Nations
"attributable installed capacity"	the proportionate amount of installed capacities of a power plant attributable to a company based on the percentage of equity interest held by the company in that power plant
"average utilization hours"	for a specified period, the amount of electricity (MWh) produced in such period divided by the average installed capacity (MW) in such period
"Bazhou Environmental"	Bazhou China Power Environmental Power Generation Company Limited* (霸州中電環保發電有限公司), a subsidiary of the Company
"Board"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 (formerly known as Appendix 14) of the Listing Rules, as amended from time to time
"Changshu Power Plant"	Jiangsu Changshu Electric Power Generating Company Limited, an associate of the Company
"Changzhou Hydropower"	SPIC Guangxi Changzhou Hydropower Development Co., Ltd.* (國家電投集團廣西長洲水電開發有限公司), a subsidiary of the Company
"China Power" or "Company"	China Power International Development Limited
"consolidated installed capacity"	100% installed capacity of a company that is deemed as a subsidiary in the Group's consolidated financial statements
"CP Nongchuang"	China Power Investment Xinnongchuang Technology Co., Ltd.* (中電投新農創科技有限公司), an associate of the Company
"CPCEC"	China Power Complete Equipment Co., Ltd. (中國電能成套設備有限公司), a subsidiary of SPIC
"CPDL"	China Power Development Limited (中國電力發展有限公司*) a substantial shareholder of the Company and a subsidiary of CPI Holding

"CPI Holding"	China Power International Holding Limited (中國電力國際有限公司), the intermediate holding company of the Company and a subsidiary of SPIC
"CPINE"	China Power International New Energy Holding Limited* (中電國際新能源控股有限公司), a subsidiary of CPNE and an associate of SPIC
"CPNE"	China Power (New Energy) Holdings Limited (中國電力(新能源)控股有限公司), a subsidiary of CPI Holding and an associate of SPIC
"date of this annual report"	21 March 2024, the day this annual report was approved by the Board
"Director(s)"	director(s) of the Company
"ESG"	environmental, social and governance
"Group" or "We"	the Company and its subsidiaries from time to time
"Guangxi Overseas"	Guangxi SPIC Overseas Energy Investment Co., Ltd.* (廣西國電投海外能源投資有限公司), a joint venture of the Company
"GW"	gigawatt, that is, one billion watts
"Haikou Environmental"	Haikou China Power Environmental Power Generation Company Limited* (海口中電環保發電有限公司), a subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	Companies Ordinance, Chapter 622 of the Laws of Hong Kong (as amended from time to time)
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huainan Mining"	Huainan Mining Industry (Group) Company Limited* (淮南礦業(集團)有限責任公司), a substantial shareholder of certain subsidiaries of the Company
"installed capacity"	the manufacturers' rated power output of a generating unit or a power plant, usually denominated in MW
"Jilin Electric"	Jilin Electric Power Co., Ltd.* (吉林電力股份有限公司), an associate of SPIC and listed on the Shenzhen Stock Exchange

Technical Glossary and Definitions

"kWh"	kilowatt-hour, a standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"market-power"	electricity buy and sell in the open market
"MW"	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
"MWh"	megawatt-hour, which is equal to one thousand kWh
"NDRC"	National Development and Reform Commission
"NEA"	the National Energy Administration
"net coal consumption rate"	average consumption of standard coal for supplying 1 kWh power (deducting self-used power)
"PBOC"	中國人民銀行 (People's Bank of China*)
"Pingwei Power Plant"	Anhui Huainan Pingwei Electric Power Company Limited (安徽淮南平圩發電有限責任公司), a subsidiary of the Company
"PRC" or "China" or "State"	the People's Republic of China (for the purpose of this annual report excluding the Hong Kong, Special Administrative Region of Macau of the PRC and Taiwan)
"Pu'an Power Plant"	China Power (Pu'an) Power Generating Company Limited* (中電(普安)發電有限責任公司), a subsidiary of the Company
"Qiyuanxin Power"	Shanghai Qiyuanxin Power Technology Co., Ltd.* (上海啟源芯動力科技有限公司), an associate of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council
"Shanghai Power"	Shanghai Electric Power Co., Ltd.* (上海電力股份有限公司), a company listed on the Shanghai Stock Exchange which the Company holds certain of its A shares for investment purpose

"Share Incentive Scheme"	the share option incentive scheme approved and adopted by the Company at an extraordinary general meeting held on 15 June 2022. For details, please refer to the circular of the Company dated 27 May 2022
"Shenyang Energy"	China Power (Shenyang) Energy Investment Co., Ltd. (中電(瀋陽)能源投資有限公司), a subsidiary of the Company
"Sichuan Energy Investment"	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司), an associate of the Company
"SPER Institute"	Shanghai Power Equipment Research Institute Co., Ltd. (上海發電設備成套設計研究院有限責任公司), an indirect subsidiary of SPIC
"SPIC"	State Power Investment Corporation Limited (國家電力投資集團有限公司), the ultimate holding company of the Company
"SPIC Finance HK"	SPIC International Finance (Hong Kong) Company Limited (國家電投香港財資管理有限公司), a subsidiary of SPIC
"SPIC Financial"	SPIC Financial Company Limited* (國家電投集團財務有限公司), a subsidiary of SPIC
"SPIC Fund"	SPIC Innovation Investment Co., Ltd. (國家電投集團創新投資有限公司), a subsidiary of SPIC
"SPIC Guangdong"	SPIC Guangdong Power Co., Ltd.* (國家電投集團廣東電力有限公司), an indirect subsidiary of SPIC
"SPIC Qingneng"	SPIC Qingneng (Beijing) New Energy Development Co., Ltd.* (電投清能(北京)新能源發展有限責任公司), a special purpose vehicle ultimately controlled by the Group
"standard coal"	coal with an energy content of 7,000 kilocalories per kilogram
"Sujin Energy"	Sujin Energy Holding Company Limited* (蘇晉能源控股有限公司), an associate of the Company
"Wu Ling Power"	Wu Ling Power Corporation* (五凌電力有限公司), a subsidiary of the Company
"Wuhu Power Plant"	Wuhu Electric Power Generating Company Limited* (蕪湖發電有限責任公司), a subsidiary of the Company

"Xinyuan Jinwu"	Xinyuan Jinwu (Beijing) Technology Co., Ltd.* (新源勁吾(北京)科技有限公司), a subsidiary of the Company
"Xinyuan Smart Storage"	Xinyuan Smart Storage Energy Development (Beijing) Co., Ltd.* (新源智儲能源發展(北京)有限公司), a subsidiary of the Company

* *For identification purpose only*

ANNUAL REPORT

This annual report has been posted on the websites at **www.chinapower.hk** and **www.hkexnews.hk** on 26 April 2024. Physical reports are sent to the shareholders of the Company who have selected to receive the printed version of corporate communication only.

ANNUAL GENERAL MEETING (AGM)

The Company's AGM will be held on 6 June 2024 by way of virtual meeting via online platform. Information regarding the business to be considered in the AGM is set out in the circular to the shareholders of the Company dated 26 April 2024 together with a proxy form.

INVESTOR CALENDAR

Closure of register of members for determining shareholders' eligibility to attend and vote at the AGM	3 June 2024 to 6 June 2024 (both days inclusive)
AGM date	6 June 2024
Ex-dividend date	11 June 2024
Closure of register of members for determining shareholders' entitlement to 2023 Final Dividend	13 June 2024 to 17 June 2024 (both days inclusive)
Record date for 2023 Final Dividend	17 June 2024
Proposed 2023 Final Dividend payable* ***RMB0.132 (equivalent to HK$0.1455) per ordinary share***	28 June 2024

* Subject to approval by shareholders of the Company at the AGM to be held on 6 June 2024.

INVESTOR ENQUIRIES

For enquiries about share transfer and registration, please contact the share registrar of the Company:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17/F, Hopewell Centre
183 Queen's Road East Wanchai, Hong Kong
Tel.: (852) 2862 8555
Fax: (852) 2865 0990
Email: chinapower.ecom@computershare.com.hk
Website: www.computershare.com/hk/en/online_feedback

For enquiries from investors and securities analysts, please contact:

Capital Markets & Investor Relations Department
China Power International Development Limited
Suite 6301, 63/F, Central Plaza
18 Harbour Road Wanchai, Hong Kong
Tel.: (852) 2802 3861
Fax: (852) 2802 3922
Email: ir@chinapower.hk
Website: www.chinapower.hk

China Power International Development Limited
中國電力國際發展有限公司

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Tel: (852) 2802 3861
Fax: (852) 2802 3922

Beijing Office:
East Building, Hui Huang Shi Dai Plaza
56 North West Fourth Ring Road, Haidian District
Beijing, China
Tel: (86-10) 6260 1888
Fax: (86-10) 6260 1777