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

2023 INTERIM RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS SUMMARIES

- **Power generation amounted to approximately 107.59 million MWh;**
- **The volume of on-grid power sold amounted to approximately 100.73 million MWh;**
- **Turnover amounted to approximately RMB59,053 million;**
- **Profit for the Period attributable to equity holders of the Company amounted to approximately RMB2,877 million;**
- **Basic earnings per share were approximately RMB0.239.**

The board of directors (the "**Board**") of Huadian Power International Corporation Limited* (the "**Company**") hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023 (the "**Period**") prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting".

The Board of the Company did not recommend declaring any interim dividends for the Period.

The Group's interim financial statements for the Period are unaudited, but they have been reviewed by SHINEWING (HK) CPA Limited, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed by SHINEWING (HK) CPA Limited to the Board of the Company will be included in the interim report to be despatched to the Company's shareholders in due course. The audit committee of the Company (the "**Audit Committee**") has also reviewed the 2023 interim results and the relevant financial information of the Group.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the People's Republic of China ("**China**" or the "**PRC**"), primarily engaged in the construction and operation of power plants, including large-scale efficient coal-fired, gas-fired generating units and various hydropower projects. The Group's power generating assets in operation are located in 12 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centers or regions with abundant coal resources.

As at the date of this announcement, the Group had a total of 45 controlled power generation enterprises which have commenced operations involving a total of 57,284.24 MW controlled installed capacity, primarily including 46,230 MW attributable to coal-fired generating units, 8,589.05 MW attributable to gas-fired generating units and 2,459 MW attributable to hydropower generating units.

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

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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	1 Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
	2 Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
	3 Laicheng Plant	1,200	100%	4 x 300 MW
	4 Fengjie Plant	1,200	100%	2 x 600 MW
	5 Huadian Zouxian Power Generation Company Limited (“Zouxian Company”)	2,000	69%	2 x 1,000 MW
	6 Huadian Laizhou Power Generation Company Limited (“Laizhou Company”)	4,000	75%	4 x 1,000 MW
	7 Huadian Weifang Power Generation Company Limited (“Weifang Company”)	2,000	64.29%	2 x 670 MW + 2 x 330 MW
	8 Huadian Qingdao Power Generation Company Limited (“Qingdao Company”)	1,220	55%	1 x 320 MW + 3 x 300 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	9 Huadian Zibo Thermal Power Company Limited (“Zibo Company”)	950	100%	2 x 330 MW + 2 x 145 MW
	10 Huadian Zhangqiu Power Generation Company Limited (“Zhangqiu Company”)	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
	11 Huadian Tengzhou Xinyuan Thermal Power Company Limited (“Tengzhou Company”)	930	93.26%	2 x 315 MW + 2 x 150 MW
	12 Huadian Longkou Power Generation Company Limited (“Longkou Company”)	880	100%	4 x 220 MW
Coal-fired	13 Huadian Hubei Power Generation Company Limited (“Hubei Company”) ^{Note 1}	6,855.6	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 2 x 185 MW + 2 x 122.8 MW
	14 Anhui Huadian Lu’an Power Generation Company Limited (“Lu’an Company”)	1,320	95%	2 x 660 MW
	15 Anhui Huadian Suzhou Power Generation Company Limited (“Suzhou Company”)	1,260	97%	2 x 630 MW
	16 Anhui Huadian Wuhu Power Generation Company Limited (“Wuhu Company”)	2,320	65%	1 x 1,000 MW + 2 x 660 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	17 Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (“ Yuhua Company ”)	600	100%	2 x 300 MW
	18 Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (“ Luhua Company ”)	661	90%	2 x 330 MW + 1 MW ^{Note 2}
	19 Huadian Xinxiang Power Generation Company Limited (“ Xinxiang Company ”)	1,320	90%	2 x 660 MW
	20 Huadian Luohe Power Generation Company Limited (“ Luohe Company ”)	660	75%	2 x 330 MW
	21 Huadian Qudong Power Generation Company Limited (“ Qudong Company ”)	660	90%	2 x 330 MW
	22 Sichuan Guang’an Power Generation Company Limited (“ Guang’an Company ”)	2,400	80%	2 x 600 MW + 4 x 300 MW
	23 Tianjin Development Area Branch Company of Huadian Power International Corporation Limited (“ Tianjin Development Area Branch Company ”)	510	100%	3 x 170 MW
	24 Guangdong Huadian Pingshi Power Generation Company Limited (“ Pingshi Power Generation Company ”)	600	100%	2 x 300 MW
	25 Guangdong Huadian Shaoguan Thermal Power Company Limited (“ Shaoguan Thermal Power Company ”)	700	100%	2 x 350 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	26 Shantou Huadian Power Generation Company Limited (“ Shantou Company ”)	1,360	51%	2 x 680 MW
	27 Shuozhou Thermal Power Branch Company of Huadian Power International Corporation Limited (“ Shuozhou Thermal Power Branch Company ”)	701.2	100%	2 x 350 MW + 1.2 MW ^{Note 2}
	28 Hunan Huadian Changsha Power Generation Company Limited (“ Changsha Company ”)	1,200	70%	2 x 600 MW
	29 Hunan Huadian Changde Power Generation Company Limited (“ Changde Company ”)	1,320	48.98%	2 x 660 MW
	30 Hunan Huadian Pingjiang Power Generation Company Limited (“ Pingjiang Company ”)	2,000	100%	2 x 1,000 MW
Gas-fired	31 Hangzhou Huadian Banshan Power Generation Company Limited (“ Banshan Company ”)	2,415	64%	3 x 415 MW + 3 x 390 MW
	32 Hangzhou Huadian Xiasha Thermal Power Company Limited (“ Xiasha Company ”)	246	56%	1 x 88 MW + 2 x 79 MW
	33 Hangzhou Huadian Jiangdong Thermal Power Company Limited (“ Jiangdong Company ”)	960.5	70%	2 x 480.25 MW
	34 Huadian Zhejiang Longyou Thermal Power Company Limited (“ Longyou Company ”)	405	100%	1 x 130.3 MW + 2 x 127.6 MW + 1 x 19.5 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	35 Hebei Huadian Shijiazhuang Thermal Power Company Limited (“ Shijiazhuang Thermal Power Company ”)	1,310.2	82%	2 x 453.6 MW + 2 x 200 MW ^{Note 3} + 3 MW ^{Note 2}
	36 Shijiazhuang Huadian Heat Corporation Limited (“ Shijiazhuang Heat Corporation ”)	12.55	100%	2 x 4.275 MW + 2 x 2 MW
	37 Tianjin Huadian Fuyuan Thermal Power Company Limited (“ Fuyuan Thermal Power Company ”)	400.49	100%	2 x 200 MW + 0.49 MW ^{Note 2}
Gas-fired	38 Tianjin Huadian Nanjiang Thermal Power Company Limited (“ Nanjiang Thermal Power Company ”)	930	65%	2 x 315 MW + 1 x 300 MW
	39 Guangdong Huadian Shenzhen Energy Company Limited (“ Shenzhen Company ”)	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
	40 Huadian Foshan Energy Company Limited (“ Foshan Energy Company ”)	329	90%	4 x 59 MW + 47.5 MW + 45.5 MW
	41 Guangdong Huadian Qingyuan Energy Company Limited (“ Qingyuan Company ”)	1,003.2	100%	2 x 501.6 MW

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

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

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

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

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

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

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

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

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

The Capacity of Newly-added Generating Units

From 1 January 2023 to the date of this announcement, the details of the Group's newly-added generating units are as follows:

Projects	Category	Capacity (MW)
Shantou Company	Coal-fired	1,360
Pingjiang Company	Coal-fired	1,000
Tianjin Development Area Branch Company	Coal-fired	170
Total		<u>2,530</u>

Generating Units Approved and under Construction

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

Company Name	Planned new installed capacity
Guangdong Huadian Huizhou Energy Company Limited ("Huizhou Company")	Two 535 MW gas-fired generating units
Qingdao Company	Two 505.54 MW gas-fired generating units
Huadian Jinan Zhangqiu Thermal Power Company Limited ("Zhangqiu Thermal Power")	Two 400 MW gas-fired generating units
Shantou Company	Two 1,000 MW coal-fired generating units
Longkou Company	Two 660 MW coal-fired generating units
Zhejiang Huadian Wuxi River Hybrid Pumped Storage Power Generation Company Limited ("Wuxi River Company")	298 MW pumped storage generating unit
Total	<u>6,499.08 MW</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic conditions and electricity demand

According to the data released by the National Bureau of Statistics, after preliminary calculations, the Gross Domestic Product (GDP) in the first half of 2023 amounted to RMB59,303.4 billion, representing an increase of 5.5% over the corresponding period in 2022. According to the data released by the National Energy Administration, power consumption of the entire society in the PRC totaled 4,307.6 billion KWh in the first half of 2023, representing a year-on-year increase of 5.0%. With regard to different industries, the consumption by the primary industry accounted for 57.8 billion KWh, representing a year-on-year increase of 12.1%; the consumption by the secondary industry accounted for 2,867.0 billion KWh, representing a year-on-year increase of 4.4%; and the consumption by the tertiary industry accounted for 763.1 billion KWh, representing a year-on-year increase of 9.9%; and the consumption by urban and rural residents accounted for 619.7 billion KWh, representing a year-on-year increase of 1.3%.

(2) Power generation

During the Period, the power generated by the Group amounted to approximately 107.59 million MWh, representing an increase of 7.72% over the corresponding period in 2022; the on-grid power sold amounted to approximately 100.73 million MWh, representing an increase of 7.71% over the corresponding period in 2022. The year-on-year increase in the power generated and on-grid power sold was mainly attributable to the impact of newly-added generating units and strong power demand. The average utilisation hours of the generating units were 1,947 hours, representing a year-on-year increase of 83 hours, among which the average utilisation hours of coal-fired generating units were 2,167 hours, representing a year-on-year increase of 104 hours, and the coal consumption for power supply was 285.97g/KWh, which was remarkably lower than the national average. The on-grid tariff was RMB527.05/MWh, representing an increase of 1.74% over the corresponding period in 2022. The unit price of standard coal for furnace was RMB1,092.78/ton, representing a decrease of 7.38% over the corresponding period in 2022.

(3) Turnover and profit

During the Period, the turnover of the Group amounted to approximately RMB59,053 million, representing an increase of approximately 20.65% over the corresponding period in 2022. This was mainly due to the increase in power generation and coal trading volume. The revenue of the Group generated from the sale of electricity amounted to approximately RMB47,130 million, representing an increase of approximately 9.56% over the corresponding period in 2022. This was mainly due to the increase in power generation and unit price of the sale of electricity. The revenue generated from the sale of heat amounted to approximately RMB5,482 million, representing an increase of approximately 11.89% over the corresponding period in 2022. This was mainly due to the increase in the volume of heat sold and unit price of heat sold. The revenue generated from the sale of coal amounted to approximately RMB6,441 million, representing an increase of approximately RMB5,411 million over the corresponding period in 2022. This was mainly due to the increase in coal trading volume.

During the Period, the Group's operating profit amounted to approximately RMB2,186 million, and the Group's operating loss amounted to approximately RMB872 million for the corresponding period in 2022, which was mainly due to the decrease in coal prices and the increase in power generation; the profit for the Period attributable to equity holders of the Company amounted to approximately RMB2,877 million, representing an increase of approximately 80.88% over the corresponding period in 2022; the basic earnings per share amounted to approximately RMB0.239, representing an increase of approximately RMB0.124 over the corresponding period in 2022.

(4) Major operating expenses

Fuel costs are the major operating expense of the Group. During the Period, the fuel costs of the Group amounted to approximately RMB38,829 million, representing an increase of approximately 2.74% over the corresponding period in 2022. This was mainly due to the increase in power generation.

During the Period, the cost of coal sold of the Group amounted to approximately RMB6,125 million, and the cost of coal sold of the Group amounted to approximately RMB979 million for the corresponding period in 2022. This was mainly due to the increase in coal trading volume.

During the Period, the depreciation and amortisation expenses of the Group amounted to approximately RMB5,162 million, representing an increase of approximately 2.02% over the corresponding period in 2022. This was mainly due to the operation of new generating units.

During the Period, the repairs, maintenance and inspection expenses of the Group amounted to approximately RMB1,541 million, representing an increase of approximately 10.26% over the corresponding period in 2022. This was mainly due to the increase in power generation and the operation of new generating units.

During the Period, the personnel costs of the Group amounted to approximately RMB3,446 million, representing an increase of approximately 16.82% over the corresponding period in 2022. This was mainly due to the increase in employee compensation linked to operating results and the operation of new generating units.

During the Period, the tax and surcharges of the Group amounted to approximately RMB428 million, representing an increase of approximately 16.06% over the corresponding period in 2022. This was mainly due to the increase in operating income.

During the Period, the other operating expenses of the Group amounted to approximately RMB793 million, representing an increase of approximately 9.73% over the corresponding period in 2022. This was mainly due to the operation of new generating units.

(5) Other revenue and net income

During the Period, the other revenue and net income of the Group amounted to approximately RMB829 million, representing a decrease of approximately 26.38% over the corresponding period in 2022. This was mainly due to the decrease in sales revenue from by-products of power generation such as coal ash and power subsidies.

(6) Finance costs

During the Period, the finance costs of the Group amounted to approximately RMB1,853 million, representing a decrease of approximately 10.42% over the corresponding period in 2022. This was mainly due to the increase in capital operation and financing innovation and the lower financing costs of the Company.

(7) Share of results of associates and joint ventures

During the Period, the share of results of associates and joint ventures of the Group amounted to approximately RMB2,273 million, representing a decrease of approximately 21.50% over the corresponding period in 2022. This was mainly due to the year-on-year decrease in benefits of coal mine from equity investments.

(8) Income tax

During the Period, the income tax of the Group amounted to approximately RMB454 million, and the income tax credit of the Group amounted to approximately RMB153 million for the corresponding period in 2022. This was mainly due to the increase in operating results.

(9) Pledge and mortgage of assets

As at 30 June 2023, the Company and its subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB10,426 million (approximately RMB11,105 million at the end of 2022).

As at 30 June 2023, the Company and its subsidiaries have mortgaged their generating units and relevant equipment to secure loans amounting to approximately RMB2,334 million (approximately RMB2,482 million at the end of 2022).

(10) Indebtedness

As at 30 June 2023, the total borrowings of the Group amounted to approximately RMB96,197 million, of which borrowings denominated in Euro amounted to approximately EUR6 million. The liabilities to assets ratio was approximately 64.02%, representing a decrease of 3.79 percentage points compared to that at the end of 2022. Borrowings of the Group were mainly at floating rates. In addition, the balance of medium-term notes payable and company debentures of the Group (including the portion due within one year) amounted to approximately RMB24,003 million; and the balance of lease liabilities of the Group amounted to approximately RMB196 million.

(11) Cash and cash equivalents

As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB6,523 million.

(12) Contingent Liabilities

As at 30 June 2023, certain of the Group's subsidiaries were the defendant in certain lawsuits for events occurred. As at the date of the financial statements, the lawsuits were in progress of which the final outcomes cannot be determined at present. The management of the Group considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from the above, the Group has no other material contingent liabilities as at 30 June 2023.

(13) Provisions

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 30 June 2023, the balance of the Group's provisions amounted to approximately RMB70 million.

(14) Cash Flow Analysis

In the first half of 2023, the net cash inflow from operating activities of the Group amounted to approximately RMB1,751 million, representing a decrease of approximately 37.08% over the corresponding period in 2022, mainly due to the decrease of the refund of the outstanding of VAT credit received. The net cash outflow used in investing activities amounted to approximately RMB4,041 million, representing an increase of approximately 43.73% over the corresponding period in 2022, mainly due to the consideration received for disposal of assets was more in the last year and less in this year. The net cash inflow from financing activities amounted to approximately RMB2,905 million, and the net cash outflow used in financing activities amounted to approximately RMB368 million in 2022, mainly due to the issuance of Perpetual Medium-term Notes by the Company.

(15) Exchange rate fluctuation risk and related hedging

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

Save as disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") has not changed materially from that included in the Company's 2022 annual report.

BUSINESS OUTLOOK IN THE SECOND HALF OF THE YEAR

In the second half of the year, the economy and society have fully resumed normal operation, and macro policies have been more effective with the national economy rebounding towards a positive trend and high-quality development progressing steadily. The Company will implement the “14th Five-Year” plan and the Company’s development strategy, focus on improving quality and efficiency, implementing the responsibility of safety and environmental protection, adhering to reform and innovation, and continue to promote the new improvements in operating results to ensure that the annual target tasks are fully completed with high quality.

With regard to the electricity market, it is expected that the supply of electricity will be safe and stable in the second half of the year, the growth rate of electricity consumption will be stable and favourable, and the situation of electricity supply and demand will be balanced in general. With the gradually restoring vitality in China’s economic environment, the growth rate of electricity consumption was also driven by the economy to improve year-on-year. With the installed capacity of thermal generating units as its core, the Company actively promotes the transformation and upgrading of coal-fired generating units to participate in and serve the construction of a new power market, and continues to carry out the energy-saving transformation of coal-fired power, heat supply transformation and flexibility transformation. The Company will play a greater role in peak load, frequency, voltage regulation of the power system preparing itself technically, so as to meet the basic need and ensure the supply. The Company adheres to maximizing the overall benefits as the goal, carefully analyses the operation of the power market, and adopts targeted strategies to enhance response capacity of electricity demand, with fully seizes key opportunities since the beginning of summer and winter, and completes the annual target tasks with high quality and quantity.

On the coal market, the continuous implementation of the China’s assurance policy as well as the continuous release of advanced coal production capacity provided a solid foundation for coal price stabilization. The Company continued to strengthen the coordination of thermal coal inventories, enhance strategic research on coal procurement, focus on increasing the rate of fulfilment of annual long-term coal agreements so as to actively make efforts to maintain supply and control prices.

In terms of the capital market, the stable monetary policies will continue to be implemented with accuracy and vigour by the People’s Bank of China, giving full play on the effectiveness of the monetary and credit policies, and to promote in a coordinated manner a sustained improvement in economic operation, continued improvement of domestic dynamics, and sustained improvement in social expectations so as to create a favourable monetary and financial environment for sustained economic rebound and improvement. The Company focused on strengthening the coordination to ensure the demand for funds, enhancing the monitoring of the capital risk of coal-fired power enterprises, following up on the credit investment policies of financial institutions in a timely manner, and guiding its subsidiaries to replace high-cost funds and optimize the financing structure.

Regarding safety and environmental protection, in order to ensure the supply of electricity and heat energy since the beginning of summer, winter and other important periods, and make efforts to ensure the supply assurance of electricity consumption during the peak period, the Company has enhanced requirements for the reliability and flexibility of its equipment, strictly complied with China’s production safety requirements, implemented the responsibility system for production safety at all levels, carried out strict and proper management of its equipment, and deepened the investigation of risks in various key areas so as to resolutely prevent accidents from occurring. The Company will deepen its efforts to optimize the water consumption and water pollution prevention and renovation in all regions, and will need to continue to increase its efforts to reduce pollution and carbon emissions as the trading quotas of carbon emissions are reduced year on year.

SIGNIFICANT EVENTS

1. Appointment of General Manager

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

For details, please refer to the announcement of the Company dated 2 March 2023.

2. Election of Directors and Supervisors

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

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

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

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

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

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

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

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

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

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

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

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

4. Amendments to the Articles of Association and its Appendices

In order to make the Articles of Association conform to the relevant regulatory requirements of the listing places (including the core shareholder protection standards set out in Appendix 3 to the Hong Kong Listing Rules) and in light of the conversion of “Huadian Dingzhuan (華電定轉)” convertible corporate bonds issued by the Company as of 31 March 2023 and the Constitution of the Communist Party of China, the Board of the Company proposed to amend the relevant articles in the Articles of Association and its appendices. The amended Articles of Association has taken effect on the approval of the Shareholders at the AGM.

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

5. Change of Auditors

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

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

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

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

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

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2023 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2023, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 30 June 2023.

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

(L) = long position

(S) = short position

(P) = lending pool

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

Save as disclosed above and so far as the Directors are aware, as at 30 June 2023, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

As at 30 June 2023, none of the directors, supervisors, chief executive or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or which was required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

During the Period, the Company has adopted a code of conduct regarding transactions of the directors and supervisors in the Company’s securities on terms identical to those of the Model Code. Having made specific enquiries of all directors and supervisors, the Company understands that all of the directors and supervisors have complied with the required standards set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities (“securities” having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 30 June 2023, the Group’s deposits placed with financial institutions or other parties did not include any designated or trust deposits or any material time deposits which could not be collected by the Group upon maturity.

MATERIAL LITIGATION

As of 30 June 2023, certain members of the Group were parties to certain litigations arising from the ordinary course of business or acquisition of assets. The management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid litigations will not have any material adverse effect on the financial position and operating results of the Group.

AUDIT COMMITTEE

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

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As at 30 June 2023, the total number of employees of the Group was 24,221. The Group has always complied with the relevant requirements of the PRC, and determined the salary levels of employees according to its economic benefits. It has established an objective, impartial, scientific and effective remuneration distribution mechanism and staff performance appraisal mechanism, according to the talent concept of “identifying talents through performance, selecting talents through competition and awarding talents through remuneration”.

CORPORATE GOVERNANCE

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

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

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

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

The Board adheres to the principles of corporate governance in order to achieve prudent management and enhance value for shareholders. Transparency, accountability and independence are enshrined under these principles. The Board has reviewed the relevant requirements prescribed under the codes on corporate governance adopted by the Company and its actual operations, and has taken the view that the corporate governance practices of the Company during the Period have met the requirements under the code provisions in the Corporate Governance Code (“**Corporate Governance Code**”) as contained in Appendix 14 to the Hong Kong Listing Rules. The Company has also adopted the board member diversity policy. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code, the major particulars of which are as follows:

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

- In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and has stipulated the Terms of Reference for the Strategic Committee.
- In the first half of 2023, a total of four Board meetings were held by the Company.
- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

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

Beijing, the PRC
30 August 2023

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

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

* *For identification purpose only*

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

The financial information set out below is extracted from the unaudited condensed consolidated financial statements prepared under IFRSs of the Group as set out in its 2023 interim report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Expressed in Renminbi)

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		<i>RMB’000</i>	<i>RMB’000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Turnover	<i>3</i>	<u>59,053,025</u>	<u>48,945,471</u>
Operating expenses			
Fuel costs		(38,828,764)	(37,793,593)
Costs of coal sold		(6,125,012)	(978,808)
Depreciation and amortisation		(5,161,889)	(5,059,441)
Repairs, maintenance and inspection		(1,540,821)	(1,397,429)
Personnel costs		(3,445,875)	(2,949,746)
Administration expenses		(543,822)	(547,446)
Taxes and surcharges		(427,603)	(368,420)
Other operating expenses	<i>6(b)</i>	<u>(793,137)</u>	<u>(722,824)</u>
		<u>(56,866,923)</u>	<u>(49,817,707)</u>

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

For the six months ended 30 June 2023

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Operating profit (loss)		2,186,102	(872,236)
Investments income	4	11,533	2,060
Other revenue and net income		829,301	1,126,412
Interest income from bank deposits		44,415	51,074
Finance costs	5	(1,853,160)	(2,068,636)
Share of results of associates		2,272,579	2,894,894
Profit before taxation	6(a)	3,490,770	1,133,568
Income tax (expense) credit	7	(453,845)	152,934
Profit for the period		3,036,925	1,286,502
Other comprehensive (expense) income:			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive (expense) income of investees accounted for under the equity method (with nil tax effect)		(13,225)	40
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income (non-recycling) of investees accounted for under the equity method (with nil tax effect)		9,388	–
Other comprehensive (expense) income for the period (net of tax)	8	(3,837)	40
Total comprehensive income for the period		3,033,088	1,286,542
Profit (loss) for the period attributable to:			
Equity holders of the Company		2,876,840	1,590,477
Non-controlling interests		160,085	(303,975)
		3,036,925	1,286,502

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

For the six months ended 30 June 2023

(Expressed in Renminbi)

	<i>Notes</i>	Six months ended 30 June	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Total comprehensive income (expense)			
for the period attributable to:			
Equity holders of Company		2,872,853	1,590,517
Non-controlling interests		160,235	(303,975)
		<u>3,033,088</u>	<u>1,286,542</u>
Earnings per share			
– Basic (RMB)	<i>9</i>	<u>0.239</u>	<u>0.115</u>
– Diluted (RMB)		<u>0.236</u>	<u>0.113</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Expressed in Renminbi)

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited) (Restated)
Non-current assets		
Property, plant and equipment	132,389,631	128,171,003
Right-of-use assets	5,888,134	5,979,607
Construction in progress	8,319,335	14,842,864
Investment properties	70,385	71,405
Intangible assets	1,900,612	1,939,859
Goodwill	1,032,483	1,032,483
Interests in associates	43,478,839	41,482,010
Financial assets at fair value through profit or loss	370,055	370,055
Other non-current assets	799,170	823,936
Deferred tax assets	2,749,196	2,856,915
	<u>196,997,840</u>	<u>197,570,137</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2023

(Expressed in Renminbi)

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited) (Restated)
Current assets		
Inventories	5,795,733	3,937,380
Trade debtors and bills receivable	10 13,307,650	12,389,467
Deposits, other receivables and prepayments	6,484,775	6,521,277
Tax recoverable	83,438	99,832
Restricted deposits	282,352	374,824
Cash and cash equivalents	6,522,622	5,907,615
	<u>32,476,570</u>	<u>29,230,395</u>
Current liabilities		
Bank loans	27,141,277	28,838,057
Loans from shareholders	9,832	1,358,019
State loans	1,891	1,781
Other loans	3,596,144	7,450,216
Long-term debentures payable – current portion	4,914,706	2,442,132
Amount due to the parent company	57,198	11,245
Lease liabilities	142,267	218,402
Trade creditors and bills payable	11 13,645,557	16,606,208
Other payables and contract liabilities	6,730,569	6,088,796
Tax payable	209,284	76,954
	<u>56,448,725</u>	<u>63,091,810</u>
Net current liabilities	<u>(23,972,155)</u>	<u>(33,861,415)</u>
Total assets less current liabilities	<u>173,025,685</u>	<u>163,708,722</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 June 2023

(Expressed in Renminbi)

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited) (Restated)
Non-current liabilities		
Bank loans	53,014,649	49,551,462
Loans from shareholders	5,545,170	4,395,860
State loans	46,681	44,880
Other loans	6,841,642	5,747,581
Long-term debentures payable	19,088,310	23,572,927
Convertible bonds – liability components	–	1,461,245
Lease liabilities	54,019	61,492
Provisions	69,631	59,733
Deferred governments grants	1,447,205	1,422,925
Deferred income	2,798,970	2,871,409
Deferred tax liabilities	1,535,755	1,502,839
Retirement benefit obligations	8,109	9,929
	<u>90,450,141</u>	<u>90,702,282</u>
Net assets	<u>82,575,544</u>	<u>73,006,440</u>
Capital and reserves		
Share capital	10,227,561	9,869,858
Perpetual capital securities	30,851,341	23,506,213
Reserves	29,619,056	28,032,776
Equity attributable to equity holders of the Company	<u>70,697,958</u>	<u>61,408,847</u>
Non-controlling interests	<u>11,877,586</u>	<u>11,597,593</u>
Total equity	<u>82,575,544</u>	<u>73,006,440</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

At 30 June 2023, the Group had net current liabilities of approximately RMB23,972 million and certain capital commitments. The directors of the Company, are of the opinion that, taking into account the current operation of the Group, the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the foreseeable future. Therefore, these condensed consolidated financial statements have been continuously prepared on a going concern basis.

2 PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”) as set out in note 2(a) below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2022.

(a) Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB, which are effective for the Group’s financial year beginning on 1 January 2023:

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

Except as described below in note 2(b), the application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

The amendments to IAS 12 narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligation. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligation at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligation.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

	Six months ended 30 June 2022 RMB'000
<i>Impact on profit and total comprehensive income for the period</i>	
Increase in income tax credit	11,266
Increase in profit and total comprehensive income for the period attributable to:	
– Equity holders of the Company	10,973
– Non-controlling interests	293
	11,266
<i>Impact on basic earnings per share (RMB)</i>	
Basic earnings per share before adjustments	0.114
Net adjustments arising from change in accounting policy	0.001
Reported basic earnings per share as restated	0.115
<i>Impact on diluted earnings per share (RMB)</i>	
Diluted earnings per share before adjustments	0.112
Net adjustments arising from change in accounting policy	0.001
Reported diluted earnings per share as restated	0.113

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

	At 31 December 2022 RMB'000 (as originally stated)	Adjustments RMB'000	At 31 December 2022 RMB'000 (Restated)
Deferred tax assets	2,858,796	(1,881)	2,856,915
Deferred tax liabilities	<u>(1,482,251)</u>	<u>(20,588)</u>	<u>(1,502,839)</u>
Reserves	28,054,481	(21,705)	28,032,776
Non-controlling interests	<u>11,598,357</u>	<u>(764)</u>	<u>11,597,593</u>
Net assets	<u>73,028,909</u>	<u>(22,469)</u>	<u>73,006,440</u>
	At 1 January 2022 RMB'000 (as originally stated)	Adjustments RMB'000	At 1 January 2022 RMB'000 (Restated)
Deferred tax assets	2,289,323	(1,966)	2,287,357
Deferred tax liabilities	<u>(1,690,353)</u>	<u>(37,076)</u>	<u>(1,727,429)</u>
Reserves	31,451,229	(38,174)	31,413,055
Non-controlling interests	<u>12,552,278</u>	<u>(868)</u>	<u>12,551,410</u>
Net assets	<u>76,346,714</u>	<u>(39,042)</u>	<u>76,307,672</u>

3 TURNOVER

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
– Sale of electricity	47,129,670	43,015,885
– Sale of heat	5,482,148	4,899,666
– Sale of coal	6,441,207	1,029,920
	<u>59,053,025</u>	<u>48,945,471</u>

The chief operating decision makers review the Group's revenue and profit as a whole, which are determined in accordance with the Group's accounting policies for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the condensed consolidated financial statements. The Group's major customers are the power grid operators in relation to the sale of electricity. The revenue from sale of electricity, heat and coal are recognised at a point in time. The Group's non-current assets are mainly located in the PRC and the Group's revenue is mainly derived in the PRC.

4 INVESTMENT INCOME

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest income from other long-term receivables	7,378	7,187
Loss on disposal of financial assets measured at fair value through other comprehensive income ("FVOCI")	(3,123)	(5,127)
Others	7,278	–
	<u>11,533</u>	<u>2,060</u>

5 FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on loans and other financial liabilities	1,925,359	2,146,374
Interest on lease liabilities	5,028	11,654
Interest on convertible bonds	15,139	23,336
Other finance costs	10,247	42,584
Net foreign exchange loss (gain)	2,856	(1,388)
Less: interest capitalized	(105,469)	(153,924)
	<u>1,853,160</u>	<u>2,068,636</u>

The borrowing costs have been capitalised at an average rate of 3.42% (six months ended 30 June 2022: 3.83%) per annum for construction in progress.

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Amortisation		
– Intangible assets	55,231	46,476
Depreciation		
– Property, plant and equipment	4,949,082	4,807,335
– Right-of-use assets	156,556	204,658
– Investment properties	1,020	972
	<hr/>	<hr/>
Total amortisation and depreciation	5,161,889	5,059,441
Reversal of impairment loss recognised under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivables	(7,551)	(177)
– Deposits other receivables and prepayments	(250)	(673)
Included in other revenue and net income:		
– Government grants	(259,122)	(392,663)
– Net gain on disposal of property, plant and equipment	(111,601)	(49,447)
– Net gain on disposal of right-of-use assets	–	(35,214)
– Net income from sale of materials	(287,390)	(482,613)
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Heating	313,149	399,073
Power charges	137,833	131,295
Water charges	217,922	191,440
Safety production payment	109,117	–
Environmental restoration expense	10,728	–
Other expense relating to short-term leases	4,388	1,016
	<u>793,137</u>	<u>722,824</u>
Total other operating expenses	<u>793,137</u>	<u>722,824</u>

7 INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Current tax – PRC Enterprise Income Tax		
Charge for the period	303,793	72,370
(Over) under-provision in respect of prior years	(8,043)	2,193
	<u>295,750</u>	<u>74,563</u>
Deferred tax		
Origination and reversal of temporary differences and tax losses	<u>158,095</u>	<u>(227,497)</u>
	<u>453,845</u>	<u>(152,934)</u>

The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% (six months ended 30 June 2022: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2023 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Group which are taxed at preferential rate of 15% (six months ended 30 June 2022: taxed at preferential rates of 15%).

8 OTHER COMPREHENSIVE (EXPENSE) INCOME

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Share of other comprehensive (expense) income of investees accounted for under the equity method	(13,225)	40
Share of other comprehensive income (non-recycling) of investees accounted for under the equity method	<u>9,388</u>	<u>–</u>
Other comprehensive (expense) income, net of income tax	<u><u>(3,837)</u></u>	<u><u>40</u></u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited) (Restated)
Profit attributable to equity holders of the Company	2,876,840	1,590,477
Less: Profit attributable to holders perpetual capital securities	<u>(474,473)</u>	<u>(453,254)</u>
Profit attributable to equity shareholders	<u>2,402,367</u>	<u>1,137,223</u>
Weighted average number of ordinary shares in issue	<u>10,036,783,843</u>	<u>9,869,858,215</u>
Basic earnings per share (RMB)	<u><u>0.239</u></u>	<u><u>0.115</u></u>

9 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2022 and 2023, the Company has one category of dilutive potential ordinary shares which is the convertible bonds. They are assumed to have been converted into ordinary shares, and other profits attributable to the equity holders of the Company is adjusted to eliminate the interest expenses of the convertible bonds.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to equity shareholders (<i>note 9 (a)</i>)	2,402,367	1,137,223
Add: Interest expense on liability component of convertible bonds	15,139	23,336
	2,417,506	1,160,559
Profit for the purpose of diluted earnings per share	2,417,506	1,160,559
Weighted average number of ordinary shares in issue	10,036,783,843	9,869,858,215
Effect of dilutive potential ordinary shares:		
Convertible bonds*	190,777,290	357,702,920
Weighted average number of ordinary share in issue for the purpose of diluted earnings per share	10,227,561,133	10,227,561,135
Diluted earnings per share (RMB)	0.236	0.113

* The effect is based on the adjusted conversion price of RMB4.11 per share as a result of distribution of cash dividends. Save for the adjustment to the conversion price, there is no changes to the terms and conditions of the convertible bonds.

10 TRADE DEBTORS AND BILLS RECEIVABLES

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
Trade debtors and bills receivable for the sale of electricity	10,220,165	11,215,958
Trade debtors and bills receivable for the sale of heat	1,674,675	994,957
Trade debtors and bills receivable for the sale of coal	1,766,591	539,884
	<hr/>	<hr/>
	13,661,431	12,750,799
Less: allowance for impairment	(353,781)	(361,332)
	<hr/>	<hr/>
	13,307,650	12,389,467
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of trade debtors and bills receivables (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	At 30 June 2023 <i>RMB'000</i> (Unaudited)	At 31 December 2022 <i>RMB'000</i> (Audited)
Within 1 year	13,234,796	12,348,427
1 to 2 years	58,452	33,779
2 to 3 years	10,945	6,754
Over 3 years	3,457	507
	<hr/>	<hr/>
	13,307,650	12,389,467
	<hr/> <hr/>	<hr/> <hr/>

11 TRADE CREDITORS AND BILLS PAYABLE

As at 30 June 2023, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2023 RMB'000 (Unaudited)	At 31 December 2022 RMB'000 (Audited)
Within 1 year	11,841,896	14,407,697
1 to 2 years	679,937	1,001,702
Over 2 years	1,123,724	1,196,809
	<u>13,645,557</u>	<u>16,606,208</u>

12 DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred and recognised in profit or loss on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected terms of service contracts for sale of heat.

The upfront installation fee recognised for the six months ended 30 June 2023 amounting to approximately RMB116 million (six months ended 30 June 2022: RMB145 million) is included in "Other revenue and net income" in the condensed consolidated statement of profit or loss and other comprehensive income.

13 DIVIDENDS

- (a) A final dividend of RMB0.20 per share in respect of the year ended 31 December 2022 (six months ended 30 June 2022: RMB0.25 per share in respect of the year ended 31 December 2021) was declared to the equity shareholders of the Company and approved on 31 May 2023. The aggregate amount of the final dividend declared amounted to approximately RMB2,046 million (six months ended 30 June 2022: RMB2,467 million).
- (b) The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

14 CONTINGENT LIABILITIES

As at 30 June 2023, certain of the Group's subsidiaries were the defendant in certain lawsuits for events occurred. As at the date of the financial statements, the lawsuits were in progress of which the final outcomes cannot be determined at present. The management of the Group considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

Apart from the above, the Group has no other material contingent liabilities as at 30 June 2023 (31 December 2022: nil).

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

The consolidated financial information set out below is extracted from the unaudited consolidated financial statements prepared under CAS of the Group as set out in its 2023 interim report.

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)

As at 30 June 2023

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
Current assets:				
Cash and cash equivalents	6,804,974	6,282,439	775,562	1,092,910
Bills receivable	25,827	30,127	25,827	30,127
Trade debtors	12,883,534	11,938,187	1,816,318	1,823,036
Accounts receivable financing	641,764	748,736	3,350	145,971
Prepayments	3,591,803	3,728,564	571,613	439,952
Other receivables	1,233,391	831,489	17,346,242	15,858,068
Inventories	5,795,733	3,937,380	799,467	620,911
Non-current assets – current portion				
Other current assets	96,539	96,552	112,000	112,013
Cash and cash equivalents	1,403,005	1,636,921	104,883	41,641
Total current assets	32,476,570	29,230,395	21,555,262	20,164,629
Non-current assets:				
Long-term investments	231,362	231,354	290,961	287,562
Long-term equity investments	43,029,369	41,032,540	87,893,468	82,814,328
Other non-current financial assets	370,055	370,055	107,072	107,072
Investment properties	70,385	71,405	20,820	21,339
Property, plant and equipment	129,708,768	125,748,282	16,452,506	15,860,120
Construction in progress	8,319,335	14,842,864	1,164,455	1,656,100
Right-of-use assets	568,449	637,985	44,443	81,484
Intangible assets	7,226,541	7,272,153	861,235	835,253
Goodwill	373,940	373,940		
Long-term prepaid expenses	326,381	–		
Deferred tax assets	2,749,196	2,856,915		
Other non-current assets	567,808	592,582	42,493	41,896
Total non-current assets	193,541,589	194,030,075	106,877,453	101,705,154
Total assets	226,018,159	223,260,470	128,432,715	121,869,783

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)
(CONTINUED)

As at 30 June 2023

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
Current liabilities:				
Short-term loans	21,499,816	27,985,143	2,476,985	7,224,919
Bills payable	2,016,724	3,234,882	1,790,618	2,582,247
Trade creditors	11,678,471	13,378,679	20,763	98,863
Contract liabilities	553,938	2,028,884		
Salaries payable	481,057	214,982	59,424	57,190
Tax payable	973,949	1,202,830	103,405	98,220
Other payable	4,890,155	2,629,162	3,056,908	743,453
Non-current liabilities – current portion				
Other current liabilities	14,306,301	12,323,464	8,754,880	5,374,508
Non-current liabilities – current portion				
Other current liabilities	48,314	93,784	7,742	6,695
Total current liabilities	56,448,725	63,091,810	16,270,725	16,186,095
Non-current liabilities:				
Long-term loans	65,448,142	59,739,783	20,679,593	16,787,816
Debentures payable	19,088,310	25,034,172	19,088,310	25,034,172
Lease liabilities	54,019	61,492	5,127	6,205
Long-term payables	35,158	69,542	27,748	27,748
Retirement benefit obligations	8,109	9,929		
Provisions	69,631	59,733		
Deferred income	3,808,925	3,832,051	56,969	58,809
Deferred tax liabilities	989,046	935,177	73,955	82,652
Total non-current liabilities	89,501,340	89,741,879	39,931,702	41,997,402
Total liabilities	145,950,065	152,833,689	56,202,427	58,183,497

CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)
(CONTINUED)

As at 30 June 2023

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
Shareholders' equity:				
Share capital	10,227,561	9,869,858	10,227,561	9,869,858
Other equity instruments	30,851,341	23,547,463	30,851,341	23,547,463
Capital reserve	14,372,280	12,948,683	15,524,652	14,140,001
Other comprehensive income	89,671	93,658	87,617	92,293
Specific reserve	484,051	273,286	199,846	224,801
Surplus reserve	4,653,035	4,653,035	4,687,800	4,687,800
Retained earnings	8,158,120	8,106,269	10,651,471	11,124,070
Total equity attributable to equity holders of the Company	68,836,059	59,492,252	72,230,288	63,686,286
Non-controlling interests	11,232,035	10,934,529		
Total equity	80,068,094	70,426,781	72,230,288	63,686,286
Total liabilities and equity	226,018,159	223,260,470	128,432,715	121,869,783

Total operating income(UNAUDITED)*As at 30 June 2023**(Expressed in Renminbi'000)*

Item	The Group		The Company	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
1. Total operating income	59,449,651	49,544,853	7,604,073	7,693,770
2. Total operating costs	59,096,369	51,739,816	7,828,958	8,138,491
Including: Operating costs	56,232,014	48,756,934	7,051,871	7,389,190
Taxes and surcharges	430,912	371,988	73,318	70,019
Administrative expenses	624,698	593,332	161,164	139,422
Finance expenses	1,808,745	2,017,562	542,605	539,860
Add: Other income	351,565	487,072	7,059	59,836
Investment income				
(loss to be listed with “-”)	2,284,112	2,896,954	2,236,592	2,823,186
Including:income from investment in associates and joint ventures	2,272,579	2,894,894	2,229,214	2,815,999
(Reversal)/recognition of expected credit losses(loss to be listed with “-”)	7,801	850	61	
Impairment loss of assets				
(loss to be listed with “-”)		-680		-16
Gain on disposal of assets				
(loss to be listed with “-”)	99,652	79,653	-	34
3. Operating profit (loss to be listed with “-”)	3,096,412	1,268,886	2,018,827	2,438,319
Add: Non-operating income	82,064	68,466	21,003	11,331
Less: Non-operating expenses	14,581	8,188	1,139	310
4. Total profit (total loss to be listed with “-”)	3,163,895	1,329,164	2,038,691	2,449,340
Less: Income tax (credit)/expenses	474,798	-100,906	-8,696	-9,160

Total operating income(UNAUDITED) (CONTINUED)*As at 30 June 2023**(Expressed in Renminbi'000)*

Item	The Group		The Company	
	30 June 2023	31 December 2022 (Restated)	30 June 2023	31 December 2022 (Restated)
5. Net profit (net loss to be listed with “-”)	2,689,097	1,430,070	2,047,387	2,458,500
(一)Classified according to operating continuity				
1. Net profit from continuing operations (net loss to be listed with “-”)	2,689,097	1,430,070	2,047,387	2,458,500
2. Net profit from discontinuing operations (net losses to be listed with “-”)				
(二)Classified according to the ownership				
1. Attributable to equity shareholders of the Company(net loss to be listed with “-”)	2,581,899	1,656,004	2,047,387	2,458,500
2. Minority interests (net loss to be listed with “-”)	107,198	-225,934		
6. Other comprehensive income/(expense),net of tax	-3,837	40	-4,676	40
Other comprehensive income/(expense) attributable to equity shareholders of the Company, net of tax	-3,987	40	-4,676	40
(一)Other comprehensive income that cannot be reclassified through profits or losses	9,238		8,549	-
1. Other comprehensive incomes that cannot be reclassified through profit or loss under the equity method	9,238		8,549	-
(二)Other comprehensive income that will be re-classified into profits or losses	-13,225	40	-13,225	40
1. Other comprehensive incomes that can be re-classified into profit or loss under the equity method	-13,225	40	-13,225	40
Net of tax of other comprehensive income attributable to minority shareholders	150			
7. Total comprehensive income	2,685,260	1,430,110	2,042,711	2,458,540
Attributable to equity shareholders of the Company	2,577,912	1,656,044	2,042,711	2,458,540
Minority interests	107,348	-225,934		
8. Earnings per share:				
(一)Basic earnings per share <i>(RMB/Share)</i>	0.21	0.12	N/A	N/A
(二)Diluted earnings per share <i>(RMB/Share)</i>	0.21	0.12	N/A	N/A

III. RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit and net assets attributable to equity shareholders of the Company are analysed as follows:

Item	Notes	Net profit attributable to equity shareholders of the Company Six months ended		Net asset attributable to equity shareholders of the Company	
		30 June 2023	2022	30 June 2023	31 December 2022
Amounts under CAS		2,581,899	1,656,004	68,836,059	59,492,252
Adjustments:					
Business combination involving entities under common control	1	-83,811	-208,110	3,456,251	3,540,062
Government grants	2	23,212	16,796	-402,092	-392,741
Maintenance and production safety funds	3	387,475	-4,282		
Taxation impact of the adjustments		20,952	52,028	-546,709	-567,662
Attributable to minority interest		-52,887	78,041	-645,551	-663,064
Amounts under IFRSs		<u>2,876,840</u>	<u>1,590,477</u>	<u>70,697,958</u>	<u>61,408,847</u>

Notes:

- (i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquire at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognized as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquire for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

- (ii) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortized to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognized as deferred income.

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

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.