

# DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

## Biographies of Directors, Supervisors and Senior Management

As at the date of this report, the biographies of the directors of the Company (the “**Director(s)**”), the supervisors of the Company (the “**Supervisor(s)**”) and senior management of the Company are as follows:

### Directors



**Dai Jun (戴軍)** Chinese nationality, born in November 1964, a professorate senior engineer. He graduated from Xinjiang Institute of Technology majoring in power system automation with a bachelor’s degree in engineering and North China Electric Power University majoring in management engineering with a bachelor’s degree in management. Mr. Dai joined the Company in August 2022, and currently serves as the Chairman of the Company and the deputy chief economist of China Huadian Corporation Limited (中國華電集團有限公司). Mr. Dai has successively worked at Xinjiang Manas Power Plant (新疆瑪納斯電廠), Xinjiang Hongyanchi Second Power Generation Co., Ltd. (新疆紅雁池第二發電有限責任公司), China Huadian Corporation Xinjiang Branch (中國華電集團新疆公司), Huadian Xinjiang Power Generation Company Limited (華電新疆發電有限公司), China Huadian Corporation Jiangsu Branch (中國華電集團公司江蘇分公司), China Huadian Corporation Anhui Branch (中國華電集團公司安徽公司) and Huadian Jiangsu Energy Company Limited (華電江蘇能源有限公司). Mr. Dai has over thirty years of working experience in power operation, enterprise management, etc.



**Zhao Bing (趙冰)**, Chinese nationality, born in December 1977, graduated from the Institute of Microelectronics of the Chinese Academy of Sciences with a doctor of engineering degree in microelectronics and solid-state electronics. Mr. Zhao joined the Company in May 2023. He is currently the vice Chairman of the Company, a member of the party committee and deputy general manager of Shandong Development & Investment Holding Group Co., Ltd. Mr. Zhao has successively worked at the Science and Technology and Industrial Development Bureau of Weihai Economic and Technological Development Zone, CPC’s Huancui District Committee in Weihai, the Weihai Municipal Party Committee of the Communist Youth League, the Management Committee of Economic and Technological Development Zone in Weihai and the Local Financial Supervision Bureau of Weihai. Mr. Zhao has eighteen years of working experience in administrative management, economy and finance.



**Chen Bin (陳斌)**, Chinese nationality, born in September 1973, graduated from the Hunan University. He holds a doctoral degree in economics. Mr. Chen joined the Company in January 2010 and currently is an executive Director and the General Manager of the Company. Mr. Chen has successively worked at China Electric Power News, State Power Corporation, China Guodian Corporation and Guodian Finance Corporation Ltd. He had served as a supervisor, the General legal Counsel and a deputy General Manager of the Company. Mr. Chen has twenty-seven years of working experience in power business management, law, capital operation, etc.



**Zhao Wei (趙偉)**, Chinese nationality, born in October 1967, is a senior economist and a master of business administration from Peking University. Mr. Zhao joined the Company in March 2024. He is currently a non-executive Director of the Company, a director of Huadian Liaoning Energy Development Co., Ltd. (華電遼寧能源發展股份有限公司), and a director of Huadian Gansu Energy Co., Ltd. (華電甘肅能源有限公司). Mr. Zhao has successively worked for Hebei Electric Power Corporation (河北省電力公司), Hebei Hanfeng Power Plant (河北邯峰發電廠), Hebei Fengyuan Industrial Co., Ltd. (河北峰源實業有限公司), Hebei Electric Power Fuel Corporation (河北電力燃料公司), Hebei Huafeng Investment Co., Ltd. (河北華峰投資有限公司), Hebei Huarui Energy Group Corporation Limited (河北華瑞能源集團股份有限公司), Huadian Power International Corporation Limited Hebei Branch (華電國際電力股份有限公司河北分公司), Huadian Power International Corporation Limited Tianjin Branch (華電國際電力股份有限公司天津分公司), Huadian Power International Corporation Limited Henan Branch (華電國際電力股份有限公司河南分公司), Huadian Power International Corporation Limited Hebei Branch (華電國際電力股份有限公司河北分公司), and China Huadian Corporation Xiong’an Energy Co., Ltd. (中國華電集團雄安能源有限公司). Mr. Zhao has more than thirty years of working experience in the fields of corporate management, power operations, and strategic investment.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



**Zeng Qinghua (曾慶華)**, Chinese nationality, born in December 1967, is a professor-level senior engineer. He graduated from Northeast Electric Power College (東北電力學院), majoring in electric power engineering and automation. Mr. Zeng joined the Company in March 2024. He is currently a non-executive Director of the Company, a director of Huadian Liaoning Energy Development Co., Ltd. (華電遼寧能源發展股份有限公司) and a director of Huadian Gansu Energy Co., Ltd. (華電甘肅能源有限公司) Mr. Zeng has successively worked for Jiamusi Power Plant (佳木斯發電廠), Heilongjiang Huadian Jiamusi Power Generation Co., Ltd. (黑龍江華電佳木斯發電有限公司), Guizhou Wujiang Hydropower Development Co., Ltd. (貴州烏江水電開發有限責任公司), Guizhou Huadian Tongzi (Zunyi) Power Generation Co., Ltd. (貴州華電桐梓(遵義)發電有限公司), China Huadian Corporation Limited Guizhou Branch (中國華電集團有限公司貴州公司), China Huadian Corporation Limited Fujian Branch (中國華電集團有限公司福建分公司), and Fujian Huadian Furui Energy Development Co., Ltd. (福建華電福瑞能源發展有限公司). Mr. Zeng has over thirty years of working experience in the fields of corporate management, power engineering, and industrial development.



**Cao Min (曹敏)**, Chinese nationality, born in November 1973, is a professorate senior accountant. She graduated from North China Electric Power University with a master of engineering degree in project management. Ms. Cao joined the Company in May 2023. She is currently a non-executive Director of the Company, the deputy director of the audit department of China Huadian Corporation Limited (中國華電集團有限公司), a supervisor of Huadian New Energy Group Corporation Limited (華電新能源集團股份有限公司), a supervisor of China Huadian Capital Holdings Company Limited (中國華電集團資本控股有限公司) and a supervisor of Xi'an Thermal Power Research Institute Co., Ltd (西安熱工研究院有限公司). Ms. Cao has successively worked in Xinjiang Hongyanchi Second Power Co., Ltd.(新疆紅雁池第二發電有限責任公司), Huadian Xinjiang Power Co., Ltd.(華電新疆發電有限公司), Xinjiang Huadian Kashgar Power (Phase II) Co., Ltd. (新疆華電喀什發電(二期)有限責任公司) and China Huadian Corporation Limited (中國華電集團有限公司). Ms. Cao has twenty-five years of working experience in areas including financial management and audit supervision.



**Wang Xiaobo (王曉渤)** Chinese nationality, born in March 1968, an economist. He graduated from Shandong University with a bachelor's degree in economics. Mr. Wang joined the Company in October 2018. He currently acts as a non-executive Director of the Company, the chief capital operation expert and the head of the Capital Operation Department of Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司), a chairman of the supervisory committee of Shandong Huapeng Glass Co., Ltd. (山東華鵬玻璃股份有限公司). Mr. Wang has successively worked at Weihai Huancui District Foreign Economic and Trade Commission, Shandong Foreign Investment Service Company, US Pacific Peak Investment Co., Ltd., British CAMCO International Carbon Asset Information Consulting (Beijing) Co., Ltd. and Hualu Holdings Group Company Limited. Mr. Wang has over thirty years of working experience in capital operation, corporate management, etc.



**Li Guoming (李國明)** Chinese nationality, born in March 1969, a senior accountant. He graduated from Hebei University of Economics and Business with a bachelor's degree in accounting. Mr. Li joined the Company in June 2022, and currently is an executive Director and the chief financial officer of the Company, a director of China Huadian Finance Corporation Limited and a director of Huadian Hubei Power Generation Company Limited. Mr. Li has successively worked at Xibaipo Power Plant (西柏坡發電總廠), Hebei Electric Power Corporation (河北省電力公司), China Huadian Corporation Limited (中國華電集團有限公司) and China Huadian Engineering Corporation (中國華電科工集團有限公司). Mr. Li has over thirty years of working experience in financial management, risk management, power operation, etc.



**Feng Zhenping (豐鎮平)** Chinese nationality, born in November 1956, holds a doctoral degree in engineering from Xi'an Jiaotong University. Mr. Feng joined the Company in June 2020. He is currently an independent non-executive Director of the Company, a second-tier professor of Xi'an Jiaotong University and the head of Shaanxi Impeller Machinery and Power Equipment Engineering Laboratory. Mr. Feng was a visiting scholar at the Aerospace System Research Institute of the University of Stuttgart in Germany and a DAAD visiting professor at the Aero Propulsion Laboratory of the Technical University of Berlin in Germany. Mr. Feng served in Xi'an Jiaotong University including the head of the Impeller Machinery Research Institute (葉輪機械研究所) of the School of Energy and Power Engineering, the assistant dean of the School of Energy and Power Engineering, the head of the International Cooperation and Exchange Office, the dean of the School of Energy and Power Engineering, and the head of the National Experimental Teaching Demonstration Center in Energy and Power Engineering.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



**Li Xingchun (李興春)** Chinese nationality, born in April 1966, obtained a bachelor's degree in nuclear science from Fudan University, a doctoral degree in financial engineering from the School of Engineering & Management of Nanjing University. Mr. Li joined the Company in June 2020. He currently acts as an independent Director of the Company, chairman and general manager of Leadbank Technology Co., Ltd. (利得科技有限公司), deputy chairman and executive director of Shandong Chenming Paper Holdings Limited, manager of Leadbank Capital Management Co., Ltd. (利得資本管理有限公司), chairman of Shanghai Leadbank Fund Sales Co., Ltd. (上海利得基金銷售有限公司), executive director of Shanghai Leadbank Financial Services Group Co., Ltd. (上海利得金融服務集團有限公司), executive director and manager of Wanzhen (Shandong) Investment Management Co., Ltd. (萬楨(山東)投資管理有限公司), director of Western Leadbank Fund Management Co., Ltd. (西部利得基金管理有限公司), chairman and general manager of Shanghai Leadbank Shanjin Asset Management Co., Ltd. (上海利得山金資產管理有限公司), general manager and executive director of Leadbank Asset Management Co., Ltd. (利得資產管理有限公司), general manager and executive director of Leadbank Information Services Co., Ltd. (利得信息服務有限公司), deputy chairman and executive director of Shangdong Chenming Paper Holdings (山東晨鳴紙業集團股份有限公司), chairman and general manager of Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司), chairman of Kunpeng (Shandong) Asset Management Co., Ltd. (昆朋(山東)資產管理有限公司), and deputy chairman of Shanghai New Huangpu Industrial Group Co., Ltd. (上海新黃浦實業集團股份有限公司), chairman of Zhejiang Kingland Pipeline and Technologies Co., Ltd. (浙江金洲管道科技股份有限公司), chairman of Zhejiang Kingland PIPE Industry Co., Ltd. (浙江金洲管道工業有限公司), executive director and general manager of Kingland Smart New Materials (Shanghai) Co., Ltd. (金洲智慧新材料(上海)有限公司). Mr. Li has successively worked at Jiangxi Xinyu Food Union Corporation (江西新餘食品聯合總公司), Jiangxi Xinyu Material Bureau (江西新餘物資局), Ctrip.com (攜程旅行網), Fuyou Securities Co., Ltd. (富友證券有限責任公司), Western Development Holdings Co., Ltd. (西部發展控股有限公司), etc. Mr. Li has over thirty years of working experience in industry, securities, trust, etc.



**Wang Yuesheng (王躍生)** Chinese nationality, born in July 1960, a professor and doctoral supervisor. He graduated from School of Economics of Peking University, and since then, he has been teaching in Peking University. Mr. Wang joined the Company in June 2021. He currently acts as an independent non-executive Director of the Company, the head of the Department of International Economics and Trade of Peking University, the director of the EU Economic and Strategic Research Center jointly established by Peking University and Bank of China. He also serves as an executive director at China Association of World Economic Research, and China Association of International Economic Relations, member of the Expert Committee of China Council for the Promotion of International Trade. Research interests: New system economics and economic transition issues, economy in transitional countries; enterprise theory, enterprise system and corporate governance; and contemporary international economy and multinational corporations. His research has mainly covered international comparison of economic transition, enterprise theory, international enterprise system and the contemporary international economy in recent years.



**Shen Ling (沈翎)**, Chinese nationality, born in June 1961, is a senior accountant. She graduated from Cheung Kong Graduate School of Business with a master's degree in business administration. Ms. Shen joined the Company in May 2023. She is currently an independent non-executive Director of the Company, an independent director of Beijing Easpring Material Technology Co., Ltd. (北京當升材料科技股份有限公司, stock code: 300073.SZ), an independent director of Chongqing Taiji Industry (Group) Co., Ltd. (重慶太極實業(集團)股份有限公司, stock code: 600129.SH), and an independent director of China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司, stock code: 001965.SZ). Ms. Shen has successively worked in China National Metals and Minerals Import and Export Corporation (中國五金礦產進出口總公司), China Minmetals Corporation (中國五礦集團公司) and State Development & Investment Corp., Ltd. (國家開發投資集團有限公司). Ms. Shen has over thirty years of working experience in capital operation and financial management.



## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)

### Supervisors



**Liu Shujun (劉書君)**, Chinese nationality, born in January 1966, is a senior accountant. He graduated from Shandong University of Finance and Economics with a bachelor of economics degree in finance. Mr. Liu joined the Company in May 2023. He is currently the Chairman of the Supervisory Committee of the Company and a senior manager of the finance department of Shandong Development & Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司). Mr. Liu has successively worked in Shandong University of Finance and Economics, Jinan Real Estate Development Corporation (濟南市房地產開發總公司), Shandong Development and Investment Co., Ltd. (山東省發展投資有限公司) and Shandong Silk Road Investment and Development Co., Ltd. (山東省絲路投資發展有限公司). Mr. Liu has over thirty years of working experience in areas such as economy and finance and financial management.



**Ma Jing'an (馬敬安)** Chinese nationality, born in March 1966, a senior administrative engineer. He graduated from Dalian University of Technology with a master's degree in engineering. Mr. Ma joined the Company in July 2015. He is currently a Supervisor, the secretary of the discipline committee of the Company and chairman of the supervisory committee of Huadian Group Beijing Fuel Logistics Co., Ltd.. Mr. Ma has worked at Fangzi Power Plant, Weifang Power Plant, Huadian Power International Corporation Limited and Shanxi Maohua Energy Investment Company Limited. Mr. Ma has over thirty years of working experience in power enterprise management, coal enterprise operation and construction, and party construction of enterprises.



**Tang Xiaoping (唐曉平)**, Chinese nationality, born in October 1973, is a senior political engineer. He holds a bachelor's degree from Southwest University of Science and Technology. Mr. Tang joined the Company in February 2009. He is currently an employee representative Supervisor and the director of general office (human resources department) of the Company. Mr. Tang has worked at Huadian Qingdao Power Generation Company Limited. Mr. Zhang has twenty-seven years of working experience in in power generation, general management and human resources management.

### Senior Management



**Qin Jiehai (秦介海)** Chinese nationality, born in February 1968, a senior engineer. He graduated from the Department of Power Engineering in Harbin Institute of Technology majoring in thermal power engineering with a master's degree in engineering, and obtained a master of business administration degree from Texas Tech University. Mr. Qin joined the Company in March 2022. Mr. Qin is currently a deputy General Manager, the Secretary to the Board of the Company and Company Secretary, director of Huadian Group Beijing Fuel Logistics Company Limited (華電集團北京燃料物流有限公司) and director of Huadian New Energy Group Corporation Limited (華電新能源集團股份有限公司). Mr. Qin has successively worked at Shandong Electric Power Engineering Consulting Institute, Huadian Power International Corporation Limited and Huadian Fuxin Energy Development Company Limited. Mr. Qin has over thirty years of working experience in strategic investment, power engineering, corporate management, etc.



**Wu Yuejie (武日傑)** Chinese nationality, born in July 1971, a senior administrative engineer, graduated from North China Institute of Technology majoring in financial management. Mr. Wu joined the Company in December 2020. Mr. Wu is currently a deputy General Manager of the Company, a director of Huadian Property Company Limited, Huadian Group Beijing Fuel Logistics Company Limited and Huadian Jinshajiang Upstream Hydropower Development Company Limited. Mr. Wu has successively worked at Shandong Weifang Power Plant (山東濰坊發電廠), Anhui Suzhou Power Generation Company Limited (安徽宿州發電有限公司), Luohe Power Plant Preparatory Office (漯河電廠籌建處) and China Huadian Corporation Limited. Mr. Wu has thirty years of working experience in power generation and operation, development of power supply projects, human resources management, etc.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



**Gao Mingcheng (高明成)**, Chinese nationality, born in April 1969, is a senior economist and graduated from North China Institute of Technology (華北工學院) with a major in engineering management. Mr. Gao joined the Company in September 2005. He is currently the General Legal Counsel, Chief Compliance Officer and Director of the Corporate Management and Legal Affairs Department (Audit Department) of the Company. Mr. Gao has successively worked in Shandong Weifang Power Plant (山東濰坊發電廠) and Huadian Power International Corporation Limited (華電國際電力股份有限公司). Mr. Gao has over thirty years of working experience in areas such as enterprise development, securities financing and legal compliance.

### Changes in the Biographies of Directors, Supervisors and Senior Management

As of the date of this report, Mr. Chen Bin serves as an executive Director of the Company. Mr. Wang Xiaobo acts as the chief capital operation expert of Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司), and the chairman of the supervisory committee of Shandong Huapeng Glass Co., Ltd. (山東華鵬玻璃股份有限公司). He ceased to serve as a director of Shandong Huapeng Glass Co., Ltd.. Mr. Li Guoming ceased to serve as a director of Otog Front Banner Changcheng Mine Company Limited (鄂托克前旗長城煤礦有限責任公司), Inner Mongolia Fucheng Mining Company Limited (內蒙古福城礦業有限公司), Otog Front Banner Changcheng No.3 Mining Company Limited (鄂托克前旗長城三號礦業有限公司) and Otog Front Banner Changcheng No. 5 Mining Company Limited (鄂托克前旗長城五號礦業有限公司). Mr. Li Xingchun served as the executive director and manager of Wanzhen (Shandong) Investment Management Co., Ltd. (萬禛(山東)投資管理有限公司), chairman of Zhejiang Kingland Pipeline and Technologies Co., Ltd. (浙江金洲管道科技股份有限公司), chairman of Zhejiang Kingland PIPE Industry Co., Ltd. (浙江金洲管道工業有限公司), executive director and general manager of Kingland Smart New Materials (Shanghai) Co., Ltd. (金洲智慧新材料(上海)有限公司), and ceased to serve as the manager and executive director of Wanzhen Investment Management (Beijing) Co., Ltd. (萬禛投資管理(北京)有限公司), general manager of Kunpeng Asset Management Co., Ltd. (昆朋資產管理股份有限公司) and a visiting professor of Shanghai Finance University.

As at the date of this report, Mr. Qin Jiehai ceased to serve as the general counsel of the Company. Mr. Wu Yuejie ceased to serve as the vice chairman of CNNP CHD Hebei Nuclear Power Co., Ltd.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (1) Macroeconomic Conditions and Electricity Demand

According to the data released by the National Bureau of Statistics, after preliminary calculations, the Gross Domestic Product (GDP) of the year in 2023 amounted to RMB126,058.2 billion, representing an increase of 5.2% compared with the same period of the previous year. According to the data released by the National Energy Administration, power consumption of the entire society totalled 9,224.1 billion KWh in 2023, representing a year-on-year increase of 6.7%, of which the power generated by industrial enterprises above designated size amounted to 8,909.1 billion KWh. With regard to different industries, the consumption by the primary industry accounted for 127.8 billion KWh, representing a year-on-year increase of 11.5%; the consumption by the secondary industry accounted for 6,074.5 billion KWh, representing a year-on-year increase of 6.5%; and the consumption by the tertiary industry accounted for 1,669.4 billion KWh, representing a year-on-year increase of 12.2%; and the consumption by urban and rural residents accounted for 1,352.4 billion KWh, representing a year-on-year increase of 0.9%.

## (2) Turnover

In 2023, the turnover of the Group was approximately RMB116,376 million, representing an increase of approximately 9.83% over 2022, mainly due to the increase in coal trading volume.

## (3) Major Operating Expenses

In 2023, the operating expenses of the Group amounted to approximately RMB112,275 million, representing an increase of approximately 1.93% over 2022. The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB75,462 million in 2023, representing a decrease of approximately 8.93% over 2022, mainly due to the lower coal prices.

Costs of coal sold of the Group amounted to approximately RMB9,733 million in 2023, representing an increase of approximately 692.75% over 2022, mainly due to the increase in coal trading volume.

Depreciation and amortisation expenses of the Group amounted to approximately RMB10,505 million in 2023, representing an increase of approximately 4.65% over 2022, mainly due to the operation of new projects.

In 2023, the repair, maintenance and inspection expenses of the Group were approximately RMB4,417 million, representing an increase of approximately 13.48% over 2022, mainly due to the operation of new projects.

In 2023, the staff cost of the Group was approximately RMB8,064 million, representing an increase of approximately 12.73% over 2022, mainly due to the combined impact of the increase in employee compensation linked to operating results and the operation of new projects.

In 2023, the administration expenses of the Group were approximately RMB1,808 million, representing a decrease of approximately 32.95% over 2022, mainly due to the decrease in impairment provision for construction in progress in 2023.

## (4) Investment Income

Investment income of the Group amounted to approximately RMB18 million in 2023, representing an increase of approximately 105.77% over 2022, mainly due to the gain on disposal of subsidiaries.

## (5) Other Revenue

Other revenue of the Group amounted to approximately RMB1,154 million in 2023, representing an increase of approximately 4.46% over 2022, mainly due to the increase in gain on disposal of carbon emissions assets.

## (6) Other Net Income

Other net income of the Group amounted to approximately RMB434 million in 2023, representing a decrease of approximately 43.94% over 2022, mainly due to the decrease in sales revenue from by-products of power generation such as coal ash.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### (7) Finance Costs

Finance costs of the Group amounted to approximately RMB3,676 million in 2023, representing a decrease of approximately 11.02% over 2022, mainly due to the Group's greater efforts in capital operation and the lower financing cost.

### (8) Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB3,759 million in 2023, representing a decrease of approximately 21.64% over 2022, mainly due to the decrease in income from the invested coal enterprises.

### (9) Income Tax

In 2023, the income tax of the Group amounted to approximately RMB974 million while income tax credit of the Group amounted to approximately RMB631 million in 2022 (restated), mainly due to the improvement in the Group's operating results.

### (10) Pledge and Mortgage of Assets

As at 31 December 2023, the Company's subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB9,936 million (2022: RMB 11,105 million).

As at 31 December 2023, some of the Company's subsidiaries have mortgaged their generating units and relevant equipment to secure loans amounting to approximately RMB2,289 million (2022: RMB: 2,482 million).

### (11) Indebtedness

As at 31 December 2023, the total borrowings of the Group amounted to approximately RMB93,532 million, of which borrowings denominated in Euro amounted to approximately EUR6.05 million. The liabilities to assets ratio (representing the total liabilities divided by total assets of the Group as at 31 December 2023) was approximately 62.07%. Borrowings of the Group were mainly of floating interest rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB31,931 million, and long-term borrowings due after one year amounted to approximately RMB61,601 million. The balance of the medium-term notes (including the portion due within one year) and debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) of the Group amounted to approximately RMB23,991 million. The closing balance of lease liabilities of the Group amounted to approximately RMB71 million at the end of the year.

### (12) Contingent Liabilities

As of 31 December 2023, the Group did not have material contingent liability.

### (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 31 December 2023, the balance of the Group's provisions amounted to approximately RMB147 million.

### (14) Cash Flow Analysis

In 2023, the net cash inflow from operating activities of the Group amounted to approximately RMB9,460 million, and the net cash inflow from operating activities amounted to approximately RMB5,419 million in 2022, mainly due to the improvement in operating results. The net cash outflow used in investing activities amounted to approximately RMB9,294 million, and the net cash outflow used in investing activities amounted to approximately RMB8,509 million in 2022, mainly due to the decrease of disposal of assets. The net cash outflow from financing activities amounted to approximately RMB904 million, and the net cash inflow from financing activities amounted to approximately RMB3,052 million in 2022, mainly due to the repayment of loans.

### (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.



# DIRECTORS' REPORT



The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023 (the “Year”).

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the construction and operation of power plants in China, including large-scale efficient coal-fired and gas-fired generating units and various renewable energy projects. All electricity generated is supplied to the grid companies where the plants are located. In 2023, the Group had strictly complied with relevant laws and regulations and industrial rules that impose significant influence on the operation of the Group. The chief operating decision makers review the Group’s revenue and profit as a whole, which is 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 this financial information. The profit of the Group for the year ended 31 December 2023 and the Group’s and the Company’s financial positions as at that date prepared in accordance with IFRSs are set out on pages 56 to 130 of the annual report.

## PROFIT DISTRIBUTION

Pursuant to a resolution passed at the seventh meeting of the tenth session of the Board, the Board proposes to declare a final cash dividend of RMB0.15 per share (tax inclusive, based on the total share capital of 10,227,561,133 shares) for the financial year ended 31 December 2023, totaling approximately RMB1,534,134.17 thousand (tax inclusive).

The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2023 annual general meeting (such date has not been determined but will be published by the Company in due course). The circular of the 2023 annual general meeting of the Company, containing details of the period of the closure and procedures of the register of members, will be published and despatched to shareholders of the Company in due course.

If the above proposal for profit distribution is considered and approved at the upcoming 2023 annual general meeting, the Company expects to distribute such cash dividends on or before 30 August 2024.

As of the date of this report, the Company is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.



## DIRECTORS' REPORT (CONTINUED)

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Company's subsidiaries, associates and joint ventures as at 31 December 2023 are set out in notes 45 and 22 respectively to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### BANK LOANS AND OTHER LOANS

Details of bank loans and other loans of the Group and the Company as at 31 December 2023 are set out in note 31 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2023 are set out in note 10 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2023 are set out in note 17 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2023 are set out in the consolidated statement of changes in equity in the consolidated financial statements prepared in accordance with IFRSs and note 38(c) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report, respectively. Distributable reserves attributable to the shareholders amounted to approximately RMB11.562 billion.

### DONATIONS

During the year of 2023, the Group made donations for charitable purpose in an aggregate amount of approximately RMB15,146,300 (2022: approximately RMB7,219,200).

### TAX REDUCTION AND EXEMPTION

The Company was not aware of any tax reduction and exemption granted to any shareholder by virtue of the securities held in the Company.

### ENVIRONMENTAL PROTECTION POLICIES

The Group carries out its social responsibility seriously and puts more emphasis on environmental protection work. In particular, the Group strictly implements the requirements of environmental protection and monitored environmental index, in order to standardize the management of operation and maintenance of environmental facilities, and improve the operation rate and efficiency of environmental protection facilities. By adhering to the principles of safety and reliability, mature technology and cost-effectiveness, the Company continues to optimise and refine technical improvement, makes active arrangement and implementation, so as to ensure the environmental protection and improvement goes as planned and reaches the expected target. Leveraging on the energy efficiency and environmental protection feature of the equipment, the Company has built the red – line awareness of environmental protection and achieved the key indicators for reduction of total emission of pollutants to ensure that the emission meets the requirement and strive to reduce the emission level.

In 2023, the Group continuously strengthened its management and control over the technological improvement of environmental protection, improved the monitoring platform construction of environmental protection and strengthened the real-time online monitoring of environmental protection.

As of the date of this report, all of the 103 coal-fired generating units of the Group met the ultra-low emission requirement.

### RELATIONSHIP WITH EMPLOYEES

The Group adheres to the concept of "identify talents through performance, select talents through competition and award talents through remuneration", continuously improves the rules and systems relating to human resources management, safeguards the interests of employees and constantly strengthens the training of talents so as to promote the common sustainable development of employees and enterprises. Meanwhile, the Group also strives to create a vibrant and comfortable working environment for employees so as to work together for the future, build a first-class team, and develop a first-class power generation enterprise.

## DIRECTORS' REPORT (CONTINUED)

### RETIREMENT PLANS

The Group is required to contribute to the retirement plans operated by the State at 16% of its staffs' salaries, subject to a maximum specified by national or local regulations. After reaching retirement age and handling retirement procedures, a member subscribed to the plan is entitled to receive pension from the State.

In addition, the Group's staff has participated in an enterprise annuity plan managed by the annuity council of China Huadian to supplement the above-mentioned plan. According to the plan, employees are required to pay a certain amount as their personal savings for pension insurance based on their service periods in the Company and its subsidiaries, while the Company and its subsidiaries pay four times as much as the amount of employee contributions. The employees will receive the total contribution of the plan when retiring. The Group's total contribution to these plans amounted to approximately RMB444 million during the year of 2023, which is set out in note 40 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### EMPLOYEES' MEDICAL INSURANCE

During 2023, there was no change in employees' medical insurance policies of the Group as compared with that of 2022. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

### PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

### SHARE CAPITAL

Details of the share capital of the Company for the year 2023 and as at 31 December 2023 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 38(b) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

The Group is committed to maintaining long-term close business cooperation with customers and suppliers, realizing friendly communication and win-win collaboration and establishing bidding and bargaining mechanism to adapt to market changes. For the financial year of 2023, details regarding the percentages of the Group's total sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's Total	
	Sales	Purchases
The largest customer	28.45%	/
The five largest customers combined	57.75%	/
The largest supplier	/	12.15%
The five largest suppliers combined	/	28.49%

The suppliers of the Group are mainly coal supply enterprises. The distribution of the subordinate power generation enterprises of the Group is relatively scattered. Therefore, the distribution of the suppliers is also scattered. The total purchase volume of the Group from the five largest suppliers did not exceed 30%.

None of the Directors, their close associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

## DIRECTORS' REPORT (CONTINUED)

### SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors of the Company are aware, each of the following persons, not being a Director, Supervisor, chief executive or member of the senior management of the Company, had an interest or short position as at 31 December 2023 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2023, or was a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")) of the Company as at 31 December 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) <sup>Note</sup>	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 31 December 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 otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

### SUFFICIENCY OF PUBLIC FLOAT

Based on data that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

### DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, Supervisors and senior management of the Company for the financial year ended 31 December 2023 and as of the date of this report. All Directors and Supervisors of the Company are currently serving a term of three years, renewable upon re-election and re-appointment every three years. The consecutive term of office of independent non-executive Directors however shall not exceed six years.



## DIRECTORS' REPORT (CONTINUED)

Name	Position in the Company	Changes
Dai Jun	Chairman, Executive Director	Re-elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and re-elected as the Chairman at the first meeting of the tenth session of the Board held on 31 May 2023
Ni Shoumin	Former Vice Chairman, Former Non-executive Director	Resigned on 31 May 2023
Zhao Bing	Vice Chairman, Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023 and Elected as the vice Chairman at the first meeting of the tenth session of the Board held on 31 May 2023
Peng Xingyu	Former Non-executive Director	Resigned on 31 May 2023
Luo Xiaoqian	Former Executive Director	Resigned on 31 May 2023
Chen Bin	Executive Director, General Manager	Appointed as the General Manager of the Company at the thirty-second meeting of the ninth session of the Board held on 2 March 2023 Elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and Re-appointed as the General Manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Zhang Zhiqiang	Former Non-executive Director	Resigned on 26 March 2024
Li Pengyun	Former Non-executive Director	Resigned on 31 May 2023
Li Qiangde	Former Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023 and resigned on 26 March 2024
Zhao Wei	Non-executive Director	Elected as a non-executive Director at the extraordinary general meeting of the Company held on 26 March 2024
Zeng Qinghua	Non-executive Director	Elected as a non-executive Director at the extraordinary general meeting of the Company held on 26 March 2024
Cao Min	Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2023
Wang Xiaobo	Non-executive Director	Re-elected as a non-executive Director at the annual general meeting of the Company held on 31 May 2024
Li Guoming	Executive Director, Chief Financial Officer	Re-elected as an executive Director at the annual general meeting of the Company held on 31 May 2023 and Re-appointed as the Chief Financial Officer of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Feng Zhenping	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Li Xingchun	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 28 April 2023
Li Menggang	Former Independent Non-executive Director	Resigned on 31 May 2023
Wang Yuesheng	Independent Non-executive Director	Re-elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Shen Ling	Independent Non-executive Director	Elected as an independent non-executive Director at the annual general meeting of the Company held on 31 May 2023
Chen Wei	Former Chairman of the Supervisory Committee	Resigned on 31 May 2023
Liu Shujun	Chairman of the Supervisory Committee	Elected as a supervisor at the annual general meeting of the Company held on 31 May 2023, and elected as the chairman of the Supervisory Committee at the first meeting of the tenth session of the Board held on 31 May 2023
Ma Jing'an	Supervisor	Re-elected as a supervisor at the annual general meeting of the Company held on 31 May 2023
Zhang Peng	Former Employee Supervisor	Re-elected as an employee supervisor through employee election on 31 May 2023 and Resigned on 3 November 2023
Tang Xiaoping	Employee Supervisor	Elected as an employee supervisor through employee election on 3 November 2023

## DIRECTORS' REPORT (CONTINUED)

Name	Position in the Company	Changes
Peng Guoquan	Former Deputy General Manager	Re-appointed as a deputy general manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023 and Resigned on 30 August 2023
Qin Jiehai	Deputy General Manager, Secretary to the Board, Company Secretary, Former General Legal Counsel	Re-appointed as a deputy general manager of the Company, the Secretary to the Board and General Legal Counsel at the first meeting of the tenth session of the Board held on 31 May 2023 and Resigned as the General Legal Counsel on 12 March 2024
Wu Yuejie	Deputy General Manager	Re-appointed as a deputy general manager of the Company at the first meeting of the tenth session of the Board held on 31 May 2023
Gao Mingcheng	General Legal Counsel	Appointed as the General Legal Counsel of the Company at the sixth meeting of the tenth session of the Board held on 26 March 2024

The Directors' and Supervisors' remunerations for the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the incumbent Directors, Supervisors and members of senior management of the Company, including the particulars required under paragraph 12 of Appendix D2 to the Hong Kong Listing Rules (if applicable or appropriate), are set out on pages 13 to 17 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors are independent.

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

As at 31 December 2023, none of the Directors, Supervisors, chief executive or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such Director, Supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company (which for this purpose shall be deemed to apply to the Supervisors of the Company to the same extent as it applies to the Directors).

In 2023, the Company has adopted a code of conduct regarding transactions of the Directors and Supervisors in the Company's securities on terms identical to those of the Model Code. Having made specific enquiries of all Directors and Supervisors, the Company understands that all Directors and Supervisors have complied with the required standards set out in the Model Code.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance or proposed transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or Supervisor or their related entities (as defined in Article 486 of Hong Kong Companies Ordinance) had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

### DIRECTORS' INTERESTS IN THE BUSINESS THAT COMPETES WITH THE COMPANY

None of our Directors has any interest in any business that competes or is likely to compete, either directly or indirectly, with the Company.

## DIRECTORS' REPORT (CONTINUED)

### PERMITTED INDEMNITY PROVISIONS

In 2023, the Company has purchased liability insurance for its Directors, Supervisors and members of senior management to provide appropriate guarantee to the Directors, Supervisors and members of senior management of the Company.

### SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its all Directors and Supervisors. No Director or Supervisor of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

### MANAGEMENT CONTRACT

In 2023, there was no management or administration contract in respect of all or substantial part of the Company's business.

### 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 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



## DIRECTORS' REPORT (CONTINUED)

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. 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) (“**ShineWing**”) as the domestic auditor (internal control auditor) and SHINEWING (HK) CPA Limited (“**SHINEWING (HK)**”) 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 and SHINEWING (HK) has commenced from the date of the approval at the 2022 annual general meeting up to the date of the 2023 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.

### 5. Results of the Conversion of Convertible Bonds and Change in Shares

As of 1 June 2023, all “Huadian Dingzhan (華電定轉)” have been converted into unrestricted outstanding shares of the Company, a total of 14,701,590 “Huadian Dingzhan” 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 Dingzhan” 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.

### 6. 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 (the core shareholder protection standards set out in Appendix A1 to the Hong Kong Listing Rules) and in light of the conversion of “Huadian Dingzhan” 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 2022 AGM.

On 14 February 2023, the State Council of the PRC issued the “Decision of the State Council to Repeal Certain Administrative Regulations and Documents” (《國務院關於廢止部分行政法規和文件的決定》), and on 17 February 2023, the China Securities Regulatory Commission issued the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises” (《境內企業境外發行證券和上市管理試行辦法》) and relevant guidance (collectively, the “**New Regulations**”), which came into effect on 31 March 2023. On the same day when the New Regulations became effective, the “Mandatory Provisions for Articles of Association of Companies Listed Overseas” (《到境外上市公司章程必備條款》) and the “State Council’s Special Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (《國務院關於股份有限公司境外募集股份及上市的特別規定》) were repealed. Holders of A shares and H shares are no longer regarded as different classes of shareholders, and therefore, the class meeting requirement applicable to holders of A shares and H shares are no longer necessary. In light of the above, the Hong Kong Stock Exchange has adopted certain consequential amendments to the Hong Kong Listing Rules, which became effective on 1 August 2023. Accordingly, the Board of the Company proposed to amend the relevant articles in the Articles of Association and its appendix (as part of the Articles of Association). The amended Articles of Association has taken effect on the approval of the Shareholders at the extraordinary general meeting and the class meetings by way of special resolutions.

For details, please refer to the announcements of the Company dated 28 April 2023, 31 May 2023, 30 October 2023 and 30 November 2023 and the circulars dated 28 April 2023 and 14 November 2023.

## DIRECTORS' REPORT (CONTINUED)

### 7. Change of the Employee Representative Supervisor

On 3 November 2023, the employees of the Company elected Mr. Tang Xiaoping 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, and his term of office will expire upon the expiry of the tenth session of the Supervisory Committee.

On 3 November 2023, Mr. Zhang Peng ceased to be the employee representative Supervisor of the tenth session of the Supervisory Committee of the Company, due to work adjustment.

For details, please refer to the announcement of the Company dated 3 November 2023.

## SUBSEQUENT EVENTS

### 1. Change of Non-executive Directors

Mr. Zhang Zhiqiang tendered his resignation as a Non-executive Director and a member of the Remuneration and Appraisal Committee of the Company due to reaching the retirement age. Mr. Li Qiangde also tendered his resignation as a Non-executive Director and a member of the Strategic Committee of the Company due to reaching the retirement age. The resignations of Mr. Zhang Zhiqiang and Mr. Li Qiangde have become effective upon the approval for the appointment of new directors by the shareholders of the Company on 26 March 2024.

The first extraordinary general meeting of 2024 of the Company was held on 26 March 2024, and Mr. Zhao Wei and Mr. Zeng Qinghua were elected as the Non-executive Directors of the tenth session of the Board of the Company for a term commencing from the conclusion of the extraordinary general meeting and ending at the expiry of the term of the tenth session of the Board. Mr. Zhao Wei and Mr. Zeng Qinghua have obtained the legal advice set out in Rule 3.09D of the Hong Kong Listing Rules on 19 March 2024 and they confirmed that they have understood their responsibilities as directors of the Company.

On 26 March 2024, Mr. Zhao Wei was elected as a member of the Strategic Committee and Mr. Zeng Qinghua was elected as a member of the Remuneration and Appraisal Committee at the sixth meeting of the tenth session of the Board.

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

## CONNECTED TRANSACTIONS

Pursuant to requirements of the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2023 are as follows:

### CONNECTED TRANSACTION

#### 1. Leasing Agreement with Beijing Huabin Property Management Company Limited ("Beijing Huabin")

On 7 December 2020, the Company entered into a Lease Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, pursuant to which, during the three years from 1 January 2021 to 31 December 2023, the Group leased certain properties of Huadian Tower from Beijing Huabin, and the annual rental was approximately RMB42.64 million.

On 30 August 2023, the Company entered into the Huadian Tower Building B Property Leasing Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, pursuant to which, during the two years from 1 January 2024 to 31 December 2025, the Group leased certain properties of Huadian Tower from Beijing Huabin, and the annual rental is approximately RMB48.45 million.

Beijing Huabin is a subsidiary of China Huadian, the controlling shareholder of the Company. As such, according to the Hong Kong Listing Rules, Beijing Huabin is an associate of China Huadian and thus a connected person of the Company. The transaction under the Leasing Agreement constituted a connected transaction of the Company under the Hong Kong Listing Rules. Pursuant to IFRS 16, the properties leased under the Leasing Agreement were recognized as right-of-use assets with the aggregate consideration of approximately RMB88.78 million. As the highest applicable percentage ratio in respect of the value of the right-of-use asset recognized by the Company in connection with the Leasing Agreement exceeds 0.1% but is lower than 5%, such transaction is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but is exempt from the independent shareholders' approval requirement. Considering the long-term relationship between the Group and Beijing Huabin, the Company considers that it is beneficial to continue to enter into the Leasing Agreement with Beijing Huabin as such transactions have provided the Group with a good working environment and will continue to facilitate the operation and growth of the Group's businesses.

For details, please see the announcement of the Company dated 30 August 2023.

## DIRECTORS' REPORT (CONTINUED)

### CONTINUING CONNECTED TRANSACTIONS

#### 1. Fuel, Equipment and Services Purchase (Supply) Framework Agreement with China Huadian

On 11 September 2020, the Company and China Huadian entered into the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, to specify the purchase of fuel by the Group from China Huadian, the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian to the Group, and the sale of fuel and the provision of relevant services to China Huadian by the Group. The term of the Fuel, Equipment and Services Purchase (Supply) Framework Agreement commenced on 1 January 2021 and expired on 31 December 2023. Pursuant to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, the annual cap for the purchase of fuel by the Group from China Huadian is RMB8,000 million, the annual cap for the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian is RMB8,000 million and the annual cap for the sale of fuel and the provision of relevant services to China Huadian by the Group is RMB13,000 million.

On 26 October 2021, the Company and China Huadian signed the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement. Under the Supplementary Agreement, the annual cap for the continuing connected transactions involving the purchase of fuel for the period from 2021 to 2023 is changed from RMB8,000 million to RMB14,000 million, and other terms remain unchanged. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement between the Company and China Huadian, and the resolution was approved and became effective at the extraordinary general meeting.

In addition, on 11 September 2023, the Company and China Huadian entered into the Purchase (Supply) of Fuel, Equipment and Services Framework Agreement to renew the original Fuel, Equipment and Services Purchase (Supply) Framework Agreement with a term of three years from 1 January 2024 to 31 December 2026. The annual cap for the purchase of fuel by the Group from China Huadian is RMB18,000 million, the annual cap for the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian is RMB8,000 million and the annual cap for the sale of fuel and the provision of relevant services to China Huadian by the Group is RMB13,000 million.

China Huadian is the controlling shareholder of the Company and therefore is a connected person of the Company. Therefore, the transactions contemplated under the Fuel, Equipment and Services Purchase (Supply) Framework Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratios in respect of the transactions under the agreement exceed 5%, such transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In 2023, the actual amount of purchase of fuel by the Group from China Huadian was approximately RMB13,106 million; the actual amount of procurement of engineering equipment and services from China Huadian by the Group was approximately RMB2,185 million, and the actual amount of the provision of services and the sale of fuel to China Huadian by the Group was approximately RMB10,764 million, neither of which exceeded the annual cap for the transactions.

For details, please see the announcements of the Company dated 11 September 2020, 28 October 2020, 26 October 2021, 14 December 2021, 30 August 2023 and 11 September 2023 and the circulars dated 9 October 2020 and 24 November 2021.

#### 2. Financial Services Framework Agreement with China Huadian Finance Corporation Limited ("Huadian Finance")

On 26 October 2021, the Company and Huadian Finance signed and renewed the Financial Services Framework Agreement, pursuant to which, Huadian Finance shall provide deposit services, loan services, settlement services and other financial services to the Group. The term of the renewed Financial Services Framework Agreement is from 1 January 2022 to 31 December 2024. The daily balance of the deposits for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Financial Services Framework Agreement shall not exceed RMB9,000 million or the daily financing balance from Huadian Finance to the Group. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Financial Services Framework Agreement between the Company and Huadian Finance, and the resolution was approved and became effective at the extraordinary general meeting.



## DIRECTORS' REPORT (CONTINUED)

Huadian Finance is 46.85% owned by China Huadian, which is a controlling shareholder of the Company. Therefore, Huadian Finance is an associate of China Huadian and a connected person of the Company under the Hong Kong Listing Rules.

With regard to deposit services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios in relation to the maximum daily balance of the deposits of the deposit services under the Financial Services Framework Agreement, i.e. RMB9,000 million, exceed 5% but are less than 25%, the transaction involving the provision of deposit services to the Group by Huadian Finance constitutes a discloseable transaction and non-exempt continuing connected transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 and the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The independent shareholders have approved the transaction and relevant annual caps.

With regard to settlement services and other financial services under the Financial Services Framework Agreement, since the amount of the settlement services and other financial services under the Financial Services Framework Agreement will continue to be very small, they fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, thus such transactions are fully exempt continuing connected transactions under the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with relevant requirements under the Hong Kong Listing Rules as and when required.

In respect of the provision of loan services under the Financial Services Framework Agreement, since the fees charged by Huadian Finance for the services provided to the Group are not higher than those charged by other commercial banks and financial institutions in the PRC for the same services, the transactions involving the provision of financial assistance by Huadian Finance to the Group are on normal commercial terms or better to the Group, and no security over the Group's assets is granted in respect of the financial assistance. Such loans are fully exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules.

In 2023, the maximum daily balance of the deposits placed by the Group with Huadian Finance was RMB8,716 million, which did not exceed RMB9,000 million or the daily loan balance from Huadian Finance to the Group.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

### 3. Coal Purchase Framework Agreement with Yankuang Energy Group Company Limited ("Yankuang Energy")

On 28 October 2022, the Company entered into the Coal Purchase Framework Agreement with Yankuang Energy for the period from 1 January 2023 to 31 December 2025, pursuant to which, the maximum amount of purchase of coal by the Group from Yankuang Energy each year was RMB8,000 million. The thirty-first meeting of the ninth session of the Board of Directors for 2022 held on 28 October 2022 considered the Coal Purchase Framework Agreement between Huadian Power International Corporation Limited and Yankuang Energy Group Company Limited renewed by the Company and Yankuang Energy. The resolution was considered, approved and came into effect at the Board meeting.

As Yankuang Energy is a major shareholder of a non-wholly-owned subsidiary of the Company, it is a connected person of the Company at the subsidiary level pursuant to the Hong Kong Listing Rules. As the Directors approved the transactions under the proposed Coal Purchase Framework Agreement, and the independent non-executive Directors confirmed that the terms of such transactions were fair and reasonable, on normal commercial terms, and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated under the agreement were exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the long-term relationship between the Group and Yankuang Energy, the Company believes that it is beneficial to renew the proposed Coal Purchase Framework Agreement, as the transactions promote the growth of the Group's main business, provide a good working environment for the Group, and will continue to promote the business operation and growth of the Group.

In 2023, the actual amount of purchase of coal by the Group from Yankuang Energy was approximately RMB2,827 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcement of the Company dated 28 October 2022.

## DIRECTORS' REPORT (CONTINUED)

### 4. Coal Purchase Framework Agreement with Shaanxi Coal Selling and Transportation (Group) Corporation ("Shaanxi Coal Transportation")

On 7 December 2020, the Company entered into a 3-year Coal Purchase Framework Agreement with Shaanxi Coal Transportation, pursuant to which, the annual cap for the Company's coal purchase from Shaanxi Coal Transportation is RMB3,500 million for the period from 1 January 2021 to 31 December 2023.

Shaanxi Coal Transportation is a subsidiary of Shaanxi Coal and Chemical Group Industry Group Co., Ltd. ("**Shaanxi Coal and Chemical Group**") (which is a substantial shareholder of a subsidiary of the Company) and thus a connected person of the Company at the subsidiary level under the Hong Kong Listing Rules. The connected transactions under the Coal Purchase Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As the Board has approved the transactions under the Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In 2023, the actual amount of purchase of coal by the Group from Shaanxi Coal Transportation was approximately RMB1,001 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcement of the Company dated 7 December 2020.

### 5. Finance Lease Framework Agreement with Huadian Financial Leasing Company Limited ("Huadian Financial Leasing")

#### A. Renewal of the Finance Lease Framework Agreement

On 29 March 2023, the Company entered into the Finance Lease Service Framework Agreement with Huadian Financial Leasing to renew the original Finance Lease Framework Agreement with a term from 1 July 2023 to 30 June 2024. The financing balance obtained by the Group through finance lease from Huadian Financial Leasing shall not exceed RMB6.0 billion. For the purpose of the Hong Kong Listing Rules, the direct lease constitutes "acquisition", while the sale and leaseback constitutes "disposal". The annual caps for the total value of the right-of-use assets involved in direct leases and the amounts of the assets involved in sale and leaseback for the year ended 30 June 2024 are set at RMB1,500 million and RMB500 million, respectively.

On 30 August 2023, the Company re-entered into the Finance Lease Service Framework Agreement with Huadian Financial Leasing with a term from 1 January 2024 to 31 December 2026 with no change in the annual caps on the amount of each type of transaction. On the date of the commencement of the agreement period, the Finance Lease Framework Agreement entered into on 29 March 2023 automatically terminated.

Huadian Financial Leasing is a subsidiary of China Huadian, the controlling shareholder of the Company, and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Finance Lease Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As one or more of the percentage ratios in respect of the transactions under the Finance Lease Framework Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. However, such transactions are subject to the approval by the independent shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "**Shanghai Listing Rules**"). The transactions have been approved by the independent shareholders.

For details, please see the announcements of the Company dated 29 March 2023 and 30 August 2023.

## DIRECTORS' REPORT (CONTINUED)

### B. Continuing Connected Transactions in 2023

On 8 May 2020, the Company entered into the Finance Lease Framework Agreement with Huadian Financial Leasing with a term of three years from 1 July 2020 to 30 June 2023, pursuant to which, Huadian Financial Leasing agreed to provide the Group with finance lease services, including direct lease and sale and leaseback services. The maximum financing balance obtained by the Group from Huadian Financial Leasing for the three financial years ending 30 June 2023 shall be capped at RMB6.0 billion. The annual caps for each of the direct lease and the sale and leaseback services shall be RMB1,500 million and RMB500 million, respectively.

In 2023, the maximum financing balance obtained by the Group from Huadian Financial Leasing was RMB1,049 million, of which the total value of the right-of-use assets involved in direct lease actually incurred were RMB298 million and the actual incurred amount of sale and leaseback services were RMB150 million respectively for the period from 1 July 2022 to 30 June 2023, and the total value of the right-of-use assets involved in direct lease actually incurred were RMB144 million and the actual incurred amount of sale and leaseback services were RMB150 million respectively for the period from 1 July 2023 to 31 December 2023, neither of which exceeded the caps as agreed in the agreement and satisfied the relevant provisions in the agreement.

For details, please see the announcements of the Company dated 8 May 2020 and 30 June 2020, and the circular dated 15 May 2020.

### 6. Commercial Factoring Services Framework Agreement with Huadian Commercial Factoring (Tianjin) Co., Ltd. ("Huadian Factoring")

On 26 October 2021, the Company and Huadian Factoring signed and renewed the Commercial Factoring Services Framework Agreement, pursuant to which, Huadian Factoring shall provide factoring business services to the Company and its subsidiaries. The term of the renewed Commercial Factoring Services Framework Agreement is from 1 January 2022 to 31 December 2024. The annual cap for commercial factoring business for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Commercial Factoring Services Framework Agreement shall not exceed RMB7,500 million. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Commercial Factoring Services Framework Agreement between the Company and Huadian Factoring, and the resolution was approved and became effective at the extraordinary general meeting.

China Huadian is a controlling shareholder of the Company and holds directly and indirectly approximately 46.81% of the total issued share capital of the Company. Huadian Factoring is a wholly-owned subsidiary of China Huadian and therefore is a connected person of the Company. Therefore, the execution of the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5% but are less than 25%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute discloseable transaction pursuant to Chapter 14 of the Hong Kong Listing Rules, and are subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

In 2023, the scale of the factoring business between the Group and Huadian Factoring was RMB4,142 million, which did not exceed the annual cap specified in the agreement and met the relevant provisions of the agreement.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

## DIRECTORS' REPORT (CONTINUED)

The Company has engaged external auditors to report on the Group's aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have submitted an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

The auditors of the Company confirmed that these continuing connected transactions:

- (1) had been approved by the Board of the Company and/or on general meetings;
- (2) were carried out on the price policies of the Company, if the transactions are related to the provision of goods or services by the Company;
- (3) were carried out under relevant agreements of these transactions; and
- (4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

- (1) these transactions were entered into in the ordinary and usual course of the business of the Group;
- (2) these transactions were under normal commercial terms or more favourable terms; and
- (3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

In respect of the Company's material related party transactions set out in note 39 to the consolidated financial statements prepared in accordance with IFRSs, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company under the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material related party transactions of Company set out in note 39 to the consolidated financial statements prepared in accordance with IFRSs do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

### ISSUE OF DEBENTURES

In 2023, in order to meet its operational needs, the Group has successfully issued one tranches of super & short-term commercial papers at a par value of RMB2 billion and the interest rate was 2.00% per annum. For details, please see note 31(f) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### ISSUE OF EQUITY FINANCING INSTRUMENTS

In 2023, in order to meet its operational needs, the Company has successfully issued ten tranches of perpetual capital securities at a total par value of RMB19.5 billion. For details, please see note 38(e) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities ("securities" having the meaning as ascribed thereto under paragraph 1 of Appendix D2 to the Hong Kong Listing Rules).

## DIRECTORS' REPORT (CONTINUED)

### FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2023 prepared in accordance with IFRSs are set out on page 131. The Company is not aware of any matter taking place in the year ended 31 December 2023 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

### BUSINESS REVIEW AND OUTLOOK

Description of the fair review of the Group's business, potential risks and countermeasures of the Group, material factors related to the performance and finance of the Group and the future development of the Group's business are set out in the sections headed "Business Review and Outlook" and "Management Discussion and Analysis" of this report.

### MATERIAL LITIGATION

As of 31 December 2023, some members of the Group were a party to certain litigations arising from the Group's ordinary course of business or acquisition of assets. The management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid cases will have no material adverse effect on the financial position and operating results of the Group.

### DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2023, the Group's deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material overdue time deposits which could not be collected by the Group upon maturity.

### AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2023 and the financial statements prepared under IFRSs for the financial year ended 31 December 2023.

### AUDITORS

At the annual general meeting held on 30 June 2021, the Company changed the domestic auditor from BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) to Baker Tilly China Certified Public Accountants (Special General Partnership) and changed the international auditor from BDO Limited to Baker Tilly Hong Kong Limited. The respective term of service of Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited commences from the approval date of the 2020 annual general meeting up to the date of 2021 annual general meeting of the Company.

At the annual general meeting on 29 June 2022, the Company re-appointed Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited, with a term of office from the date of approval by the 2021 annual general meeting to the date of conclusion of the 2022 annual general meeting, respectively.

At the annual general meeting held on 31 May 2023, the Company changed the domestic auditor from Baker Tilly China Certified Public Accountants (Special General Partnership) to ShineWing Certified Public Accountants (Special General Partnership), and changed the international auditor from Baker Tilly Hong Kong Limited to SHINEWING (HK) CPA Limited. The respective term of service of ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited commences from the approval date of the 2022 annual general meeting up to the date of the 2023 annual general meeting.

Apart from these, there have been no other changes of auditors in the past three years.

By Order of the Board  
**Dai Jun**  
Chairman

Beijing, the PRC  
27 March 2024