

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
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信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED
(incorporated in People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 130, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Accuracy on operating costs

Key audit matter	How our audit addressed the key audit matter
<p>During the year ended 31 December 2023, the Group incurred operating costs with the amount of RMB109,492 million which is mainly represented the fuel costs, costs of coals sold, depreciation and amortisation charges, etc.</p> <p>We identified the accuracy for operating costs as a key audit matter due to the significance of the amount to the Group's consolidated financial statements as a whole.</p>	<p>Our procedures in relation to the accounting for the Group's operating costs included:</p> <ul style="list-style-type: none"> Obtaining an understanding, evaluating the design, and testing the operating effectiveness of key controls over the Group's operating costs; Performing analytical reviews and comparing the composition of operating costs with prior year to assess the reasonableness on the fluctuations, and understanding the material fluctuation if any; Performing industry analysis and historical analysis to assess the reasonableness of the purchase price of the coals as well as the standard unit consumption of coals and understanding the material fluctuations if any; Reviewing, on sampling basis, the supporting documents on purchases and consumption of fuel costs and coals to ensure operating costs are recorded accurately and in correct period; Reviewing the sufficiency and appropriateness on the disclosures of operating costs in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

KEY AUDIT MATTERS (Continued)

Measurement on property, plant and equipment

Key audit matter	How our audit addressed the key audit matter
<p>As set out in note 17 to the consolidated financial statements, as at 31 December 2023, property, plant and equipment is amounted to RMB134,617 million.</p> <p>We identified the measurement of property, plant and equipment as a key audit matter due to the significance of the amount to the Group's consolidated financial statements as a whole.</p>	<p>Our procedures in relation to the review of the property, plant and equipment included:</p> <ul style="list-style-type: none"> • Obtaining an understanding, evaluating the design, and testing the operating effectiveness of controls over the management's key process of the Group's measurement process of property, plant and equipment; • Evaluating the appropriateness of the use of useful lives and residual value of the property, plant and equipment to ensure the application is complied with the relevant accounting standard; • Reviewing the relevant supporting documents, on sampling basis, on addition and disposal of property, plant and equipment; reperforming depreciation charge of property, plant and equipment; and calculation of capitalised finance charges on significant components to ensure the accuracy of the movements of the property, plant and equipment; • Performing physical count on property, plant and equipment as at year end date and inspecting the relevant property certificates, if any, to ensure the existence of property, plant and equipment; • Evaluating the appropriateness of the management's identification of impairment indicators, if any, with reference to the internal and external sources of information; If impairment indicator exists, reviewing valuation reports prepared by the external valuers appointed by the management, if any; challenging the assumptions and basis and management's appropriateness in measurement of the recoverable amount of the property, plant and equipment; and • Reviewing the sufficiency and appropriateness on the disclosures of property, plant and equipment in the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by the another auditor who expressed an unmodified opinion on those consolidated financial statements on 29 March 2023, for which certain comparative financial information has been adjusted by the directors of the Company as described in note 3(a) to these consolidated financial statements.

The engagement director on the audit resulting in this independent auditor's report is Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Hon Kei, Anthony

Practising Certificate Number: P05591

Hong Kong

27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
Turnover	5	116,376,064	105,960,339
Operating expenses			
Fuel costs		(75,462,402)	(82,865,965)
Costs of coal sold		(9,732,932)	(1,227,745)
Depreciation and amortisation		(10,504,666)	(10,037,498)
Repairs, maintenance and inspection		(4,416,710)	(3,892,007)
Personnel costs	6	(8,063,985)	(7,153,546)
Administration expenses		(1,807,802)	(2,696,380)
Taxes and surcharges	7	(974,934)	(871,948)
Other operating expenses	11(b)	(1,311,763)	(1,399,244)
		(112,275,194)	(110,144,333)
Operating profit (loss)		4,100,870	(4,183,994)
Investment income	8	17,846	8,673
Other revenue	9	1,154,131	1,104,893
Other net income	9	433,511	773,360
Interest income from bank deposits		72,494	84,376
Fair value (loss) gain on financial assets at fair value through profit or loss		(18,621)	10,322
Finance costs	10	(3,676,131)	(4,131,194)
Share of results of associates		3,758,608	4,796,637
Profit (loss) before taxation	11(a)	5,842,708	(1,536,927)
Income tax (expense) credit	14	(974,263)	631,394
Profit (loss) for the year		4,868,445	(905,533)
Other comprehensive income (expense):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income of investees accounted for under the equity method (with nil tax effect)		18,426	34,746
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income (expense) (non-recycling) of investees accounted for under the equity method (with nil tax effect)		64,113	(7,365)
Other comprehensive income for the year (net of tax)	15	82,539	27,381
Total comprehensive income (expense) for the year		4,950,984	(878,152)
Profit (loss) for the year attributable to:			
Equity holders of the Company		4,601,094	(14,322)
Non-controlling interests		267,351	(891,211)
		4,868,445	(905,533)
Total comprehensive income (expense) for the year attributable to:			
Equity holders of the Company		4,682,464	12,714
Non-controlling interests		268,520	(890,866)
		4,950,984	(878,152)
Earnings (loss) per share	16		
Basic earnings (loss) per share		RMB 0.355	RMB (0.093)
Diluted earnings (loss) per share		RMB0.353	RMB (0.093)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	17	134,616,966	128,171,003
Right-of-use assets	18(a)	5,355,393	5,979,607
Construction in progress	19	7,352,868	14,842,864
Investment properties		70,881	71,405
Intangible assets	20	1,892,131	1,939,859
Goodwill	21	1,032,483	1,032,483
Interests in associates	22	44,240,623	41,482,010
Financial assets at fair value through profit or loss	23	351,434	370,055
Other non-current assets	24	471,640	823,936
Deferred tax assets	35(a)	2,510,363	2,856,915
		197,894,782	197,570,137
Current assets			
Inventories	26	4,500,583	3,937,380
Trade debtors and bills receivables	27	12,336,707	12,389,467
Deposits, other receivables and prepayments	28	6,196,940	6,521,277
Tax recoverable		92,329	99,832
Restricted deposits	29	284,880	374,824
Cash and cash equivalents	30	5,170,277	5,907,615
		28,581,716	29,230,395
Current liabilities			
Bank loans	31(a)	26,789,426	28,838,057
Loans from shareholders	31(b)	737,354	1,358,019
State loans	31(c)	1,886	1,781
Other loans	31(d)	4,402,494	7,450,216
Long-term debentures payable-current portion	31(e)	14,196,421	2,442,132
Amount due to the parent company		13,269	11,245
Lease liabilities	18(b)	24,635	218,402
Trade creditors and bills payable	33	11,282,248	16,606,208
Other payables and contract liabilities	34	5,570,645	6,088,796
Tax payable		178,289	76,954
		63,196,667	63,091,810
Net current liabilities		(34,614,951)	(33,861,415)
Total assets less current liabilities		163,279,831	163,708,722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000 (Restated)
Non-current liabilities			
Bank loans	31(a)	49,678,407	49,551,462
Loans from shareholders	31(b)	5,020,370	4,395,860
State loans	31(c)	45,631	44,880
Other loans	31(d)	6,856,509	5,747,581
Long-term debentures payable	31(e)	9,794,241	23,572,927
Convertible bonds-liability component	32	–	1,461,245
Lease liabilities	18(b)	46,621	61,492
Provisions	37	147,142	59,733
Deferred government grants		1,465,681	1,422,925
Deferred income	36	2,753,802	2,871,409
Deferred tax liabilities	35(a)	1,560,912	1,502,839
Retirement benefit obligations		8,240	9,929
		77,377,556	90,702,282
Net assets			
		85,902,275	73,006,440
Capital and reserves			
Share capital	38(b)	10,227,561	9,869,858
Perpetual capital securities	38(e)	30,656,009	23,506,213
Reserves	38(c)	30,755,089	28,032,776
Equity attributable to equity holders of the Company			
		71,638,659	61,408,847
Non-controlling interests			
		14,263,616	11,597,593
Total equity			
		85,902,275	73,006,440

The consolidated financial statement on pages 56 to 130 were approved and authorised for issue by the board of directors on 27 March 2024 and are signed on its behalf by:

Dai Jun
Director

Li Guoming
Director

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023 (Expressed in Renminbi)

	Attributable to equity owners of the Company											
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Convertible bonds reserve	Perpetual capital securities	Total	Non-controlling interests	Total equity
	RMB'000 (note 38(b))	RMB'000 (note 38 (c)(ii))	RMB'000 (note 38 (c)(iii))	RMB'000	RMB'000 (note 38 (c)(iii))	RMB'000 (note 38 (c)(iv))	RMB'000	RMB'000 (note 38 (c)(v))	RMB'000 (note 38(e))	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022	9,869,858	14,977,092	4,320,839	68,089	44,726	65,990	11,933,243	41,250	22,473,349	63,794,436	12,552,278	76,346,714
Effects on adoption of Amendments to IAS 12	-	-	(3,663)	-	-	-	(34,511)	-	-	(38,174)	(868)	(39,042)
Balance at 1 January 2022 (Restated)	9,869,858	14,977,092	4,317,176	68,089	44,726	65,990	11,898,732	41,250	22,473,349	63,756,262	12,551,410	76,307,672
Profit/(loss) for the year	-	-	-	-	-	-	(915,197)	-	900,875	(14,322)	(891,211)	(905,533)
Other comprehensive income for the year (note 15)	-	-	-	-	-	27,036	-	-	-	27,036	345	27,381
Total comprehensive income/(expense) for the year	-	-	-	-	-	27,036	(915,197)	-	900,875	12,714	(890,866)	(878,152)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	13,860	13,860
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	7,494,189	7,494,189	-	7,494,189
Redemption of perpetual capital securities	-	(45,497)	-	-	-	-	-	-	(6,454,503)	(6,500,000)	-	(6,500,000)
Dividends recognised as distribution (note 38(a))	-	-	-	-	-	-	(2,467,465)	-	-	(2,467,465)	-	(2,467,465)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(76,811)	(76,811)
Distributions payable to holders of perpetual capital securities (note 38(e))	-	-	-	-	-	-	-	-	(907,697)	(907,697)	-	(907,697)
Appropriation of general reserve	-	-	332,541	-	-	-	(332,541)	-	-	-	-	-
Appropriation of specific reserve	-	-	156,634	-	-	-	(156,634)	-	-	-	-	-
Utilisation of specific reserve	-	-	(89,755)	-	-	-	89,755	-	-	-	-	-
Share of reserve of associates	-	20,844	-	-	-	-	-	-	-	20,844	-	20,844
Balance at 31 December 2022	9,869,858	14,952,439	4,716,596	68,089	44,726	93,026	8,116,650	41,250	23,506,213	61,408,847	11,597,593	73,006,440

	Attributable to equity owners of the Company											
	Share capital	Capital reserve	Statutory surplus reserve	Discretionary surplus reserve	Revaluation reserve	Fair value reserve	Retained profits	Convertible bonds reserve	Perpetual capital securities	Total	Non-controlling interests	Total equity
	RMB'000 (note 38(b))	RMB'000 (note 38 (c)(ii))	RMB'000 (note 38 (c)(iii))	RMB'000	RMB'000 (note 38 (c)(iii))	RMB'000 (note 38 (c)(iv))	RMB'000	RMB'000 (note 38 (c)(v))	RMB'000 (note 38(e))	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	9,869,858	14,952,439	4,716,596	68,089	44,726	93,026	8,116,650	41,250	23,506,213	61,408,847	11,597,593	73,006,440
Profit for the year	-	-	-	-	-	-	3,593,620	-	1,007,474	4,601,094	267,351	4,868,445
Other comprehensive income for the year (note 15)	-	-	-	-	-	81,370	-	-	-	81,370	1,169	82,539
Total comprehensive income for the year	-	-	-	-	-	81,370	3,593,620	-	1,007,474	4,682,464	268,520	4,950,984
Conversion of convertible bonds	357,703	1,159,931	-	-	-	-	-	(41,250)	-	1,476,384	-	1,476,384
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	2,790,125	2,790,125
Issue of perpetual capital securities	-	(12,594)	-	-	-	-	-	-	19,500,000	19,487,406	-	19,487,406
Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	(12,350,000)	(12,350,000)	-	(12,350,000)
Dividends recognised as distribution (note 38(a))	-	-	-	-	-	-	(2,045,512)	-	-	(2,045,512)	-	(2,045,512)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(276,891)	(276,891)
Distributions payable to holders of perpetual capital securities (note 38(e))	-	-	-	-	-	-	-	-	(1,007,678)	(1,007,678)	-	(1,007,678)
Appropriation of general reserve	-	-	387,875	-	-	-	(387,875)	-	-	-	-	-
Appropriation of specific reserve	-	-	805,661	-	-	-	(805,661)	-	-	-	-	-
Utilisation of specific reserve	-	-	(966,189)	-	-	-	966,189	-	-	-	-	-
Share of reserve of associates	-	123,208	-	-	-	-	-	-	-	123,208	7,045	130,253
Others	-	(134,969)	-	-	-	-	(1,491)	-	-	(136,460)	(122,776)	(259,236)
Balance at 31 December 2023	10,227,561	16,088,015	4,943,943	68,089	44,726	174,396	9,435,920	-	30,656,009	71,638,659	14,263,616	85,902,275

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023 (Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Cash received from customers and others		134,951,314	126,904,886
Cash paid to suppliers, employees and others		(121,247,355)	(117,411,666)
Cash generated from operations		13,703,959	9,493,220
Interest paid		(3,791,740)	(4,235,320)
PRC enterprise income tax (paid)/refunded		(452,311)	161,278
Net cash generated from operating activities		9,459,908	5,419,178
Cash flows from investing activities			
Payment of purchase of property, plant and equipment, construction in progress, investment properties, land use rights and intangible assets		(10,488,433)	(10,423,076)
Proceeds from disposal of property, plant and equipment, land use rights and intangible assets		268,402	996,125
Payment of investments in associates		(270,187)	(83,603)
Payment of purchase of financial assets at fair value through profit or loss		–	(42,609)
Proceeds from disposal of financial assets at fair value through profit or loss		–	13,071
Interest received		74,530	90,305
Withdrawal of restricted deposits		229,522	73,924
Placement of restricted deposits		(139,578)	(303,285)
Dividends received		841,884	1,089,940
Other investing activities		190,333	80,215
Net cash used in investing activities		(9,293,527)	(8,508,993)
Cash flows from financing activities			
Debentures			
– Net proceeds from debentures		2,000,000	9,500,000
– Repayment of debentures		(4,000,000)	(7,500,000)
Loans			
– Proceeds from loans		87,927,435	87,394,955
– Repayment of loans		(91,922,983)	(82,907,489)
Lease liabilities			
– Repayment of principal portion of the lease liabilities		(232,762)	(304,902)
Bills financing			
– Proceeds from bank acceptance bills discounted		2,396,796	3,422,668
– Repayment of bank acceptance bills		(3,822,617)	(3,921,017)
Capital injection from non-controlling interests		2,788,625	13,860
Issue of perpetual capital securities		19,500,000	7,500,000
Repayment of perpetual capital securities		(12,350,000)	(6,500,000)
Dividends paid to non-controlling interests		(276,383)	(289,650)
Dividends distribution		(2,004,632)	(2,467,465)
Dividends paid to holders of perpetual capital securities		(845,775)	(886,725)
Other financing activities		(61,423)	(1,872)
Net cash (used in)/generated from financing activities		(903,719)	3,052,363
Net decrease in cash and cash equivalents		(737,338)	(37,452)
Cash and cash equivalents at beginning of the year		5,907,615	5,945,067
Cash and cash equivalents at end of the year	30	5,170,277	5,907,615

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023 (Expressed in Renminbi)

1. BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the “**Company**”) was established in Shandong province of the People’s Republic of China (the “**PRC**”) on 28 June 1994 as a joint stock limited company and the office address is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in the generation and sale of electricity, heat and coal in the PRC. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

The IASB has issued certain new and amendments to IFRSs that are first effective or available for early adoption for the current year of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current year reflected in the consolidated financial statements.

The material accounting policies are set out below.

(b) Basis of preparation of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and its interests in associates.

At 31 December 2023, the Group had net current liabilities of approximately RMB34,615 million and certain capital commitments (see note 41). The directors of the Company are of the opinion that, taking into account the current operation of the Group, the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the end of the reporting period. Therefore, these consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial instruments, which are measured at fair value (see note 2(k)).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 *Leases* (“**IFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* (“**IAS 2**”), or value in use in IAS 36 *Impairment of Assets* (“**IAS 36**”).

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(b) Basis of preparation of consolidated financial statements (*Continued*)

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgement made by management in the application of IFRSs that have significant effects on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income or expense for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the Group's relevant components of equity and non-controlling interests within consolidated equity to reflect the change in relative interests, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to equity holders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(d) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

Costs includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The costs of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group capitalises the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than mining structures and mining rights, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Building	20 – 45 years
– Generators, machinery and equipment	5 – 20 years
– Motor vehicles, furniture, fixtures, equipment and others	5 – 10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(e) Leases

As a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

(i) *Right-of-use asset*

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

– Building	20 – 45 years
– Generators, machinery and equipment	5 – 20 years
– Land use rights and sea use rights	10 – 70 years

(ii) *Lease liability*

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflects the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(iii) *Sale and leaseback transaction*

The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to assess whether sale and leaseback transaction constitutes a sale by the Group as a seller lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9 *Financial Instruments* ("IFRS 9").

(f) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(l)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(d) above when the relevant assets are completed and ready for their intended use.

(g) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses (note 2(l)(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(g) Investment property *(Continued)*

Depreciation is recognised so as to write off the cost of investment properties after taking into account of their estimated residual value, using the straight-line method over their estimated useful lives of 20 to 45 years. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

(h) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses (see note 2(l)(ii)), if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(i) Intangible assets (other than goodwill)

When the Group has a right to charge for usage of the concession infrastructure as consideration for providing construction services in a service concession arrangement, it recognises an intangible asset at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and impairment losses (see note 2(l)(ii)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see note 2(l)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Concession assets	the shorter of remaining concession period or 25 years
– Development right of hydropower	45 years
– Others	5 – 10 years

Both the period and method for amortisation are reviewed annually.

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

(j) Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(j) Interests in associates (*Continued*)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

When there is an objective evidence indicating that the net investments in associates may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in profit or loss.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(k) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, and associates, are as follows:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL"), for which transaction costs are recognised directly in profit or loss.

Investments other than equity securities

Non-equity securities held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms of the non-equity securities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A gain or loss on an investment that is subsequently measured at amortised cost is recognised in profit or loss when the investment is derecognised or impaired. Interest income from these investments is included in investment income using the effective interest method.

The Group assesses on a forward looking basis the expected credit losses associated with its non-equity securities carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk (see note 2(l)(i)).

- FVPL, if the investments does not meet the criteria for being measured at amortised cost or financial assets at fair value through other comprehensive income ("FVOCI") (recycling). Changes in the fair value of the investment are recognised in profit or loss.

Equity securities

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition. The Group makes an irrevocable election to designate the investment of FVOCI such that subsequent change in fair value is recognised in other comprehensive income. Dividends from an investment in equity securities classified as at FVPL are recognised in profit or loss as other income in accordance with the policy set out in note 2(s)(iv).

(l) Impairment of assets

(i) Impairment of financial asset

The Group recognises loss allowances for expected credit loss (the "ECL") on trade debtors and bills receivables related to sales of electricity, heat and coal, other receivables, restricted deposits, cash and cash equivalents and other financial assets measured at amortised cost and debt instruments measured at FVOCI. The ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(I) Impairment of assets *(Continued)*

(i) Impairment of financial asset *(Continued)*

For trade debtors and bills receivables related to sale of electricity, heat and coal, the Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. The Group performs impairment assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For restricted deposits and cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus, the impairment provision recognised during the year was limited to 12-month ECLs.

For all other instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial asset since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be credit-impaired when:

- (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, and impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- construction in progress;
- investment properties;
- intangible assets;
- goodwill;
- investments in subsidiaries, associates and in the Company's statement of financial position; and
- other non-current assets (other than financial assets).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(l) Impairment of assets (*Continued*)

(ii) Impairment of other assets (*Continued*)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, if measurable, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(m) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption, are carried at the lower of cost and net realisable values. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade debtors and bills receivables, deposits and other receivables ("Trade and other receivables")

Trade and other receivables that do not contain a significant financing component are initially measured at their transaction price. If the Group holds the trade and other receivables with the objective to collect the contractual cash flows, they are subsequently stated at amortised cost using the effective interest method, less allowance for credit loss (see note 2(l)(i)).

For certain bills receivable that are managed with a business model under which bills receivable are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date, they are initially recognised at fair value and thereafter stated at fair value through other comprehensive income. Subsequent changes in the carrying amounts of bills receivable as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables, if any, are recognised in other comprehensive income and accumulated under fair value reserve (recycling).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents are assessed for ECL in accordance with the accounting policy as stated in note 2(l)(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(p) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any interests are discretionary. Interest on perpetual capital securities classified as equity are recognised as distributions within equity.

(ii) Convertible bonds that contain equity component

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to capital reserve. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

(iii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payable, amount due to the parent company, trade creditors and bills payable, other payables and long-term debentures payable, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

(q) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Electricity Income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff which is established by the government is charged for each unit of electricity.

(ii) Heat Income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

(iii) Sale of coal

Revenue is recognised when control of the goods has transferred, being when the goods are delivered to and have been accepted by customers.

(iv) Other income

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest income

Interest income is recognised as it accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(s) Revenue recognition *(Continued)*

(iv) Other income *(Continued)*

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in which they become receivable.

Upfront installation fees

Upfront installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected useful life of the relevant assets installed, which approximates to the expected service terms of the relevant contracts of sale of heat.

(t) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION (*Continued*)

(t) Income tax (*Continued*)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost that of asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete

(v) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

2. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

(w) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(Continued)*

- (vii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

The Group's most senior executive management ("the chief operating decision makers") review the Group's revenue and profits as a whole for the purposes of allocating resources and assessing the performance (note 5).

(y) Dividends

Dividends are recognised as a liability in the period in which they are declared.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS

(a) New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") which are effective for the Group's financial year beginning on 1 January 2023:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	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, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The application of the amendments has had no material impact on the Group's financial performance and positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS (Continued)

(a) New and amendments to IFRSs that are mandatorily effective for the current year (Continued)

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 initial recognition exemption of deferred tax liabilities and deferred tax assets 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 liabilities. 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 obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings or other component of equity as appropriate at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

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.

There is no impact on the cash flows for both years.

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

	For the year ended 31 December 2022 RMB'000
Impact on loss and total comprehensive expense for the year	
Increase in income tax credit	16,573
Decrease in loss and total comprehensive expense for the year attributable to:	
– Equity holders of the Company	16,469
– Non-controlling interests	104
	16,573
Impact on basic and diluted loss per share (RMB)	
Basic and diluted loss per share before adjustments	(0.094)
Adjustments arising from change in accounting policy	0.001
Reported basic and diluted loss per share	(0.093)

Impact on the 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	(1,482,251)	(20,588)	(1,502,839)
Reserves	28,054,481	(21,705)	28,032,776
Non-controlling interests	11,598,357	(764)	11,597,593
Net assets	73,028,909	(22,469)	73,006,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

3. APPLICATION OF NEW AND AMENDMENTS TO IFRSS (*Continued*)

(a) New and amendments to IFRSs that are mandatorily effective for the current year (*Continued*)

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

Impact on the consolidated statement of financial position as at 1 January 2022 and 31 December 2022 (*Continued*)

	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	(1,690,353)	(37,076)	(1,727,429)
Reserves	31,451,229	(38,174)	31,413,055
Non-controlling interests	12,552,278	(868)	12,551,410
Net assets	76,346,714	(39,042)	76,307,672

(b) Amendments to IFRSs issued but are not yet effective

The Group has not early applied the following amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgment

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2(b).

(b) Controls in subsidiaries

Although the Group does not hold over 50% equity interests, directly or indirectly, in certain subsidiaries, the directors of the Company assessed the Group's control over those on the basis of its practical ability to direct the relevant activities unilaterally. In making their judgment, the directors of the Company consider the Group has sufficient representation in the board of directors of those subsidiaries, so the Group has the power over those subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical accounting judgment (Continued)

(c) Significant influence over the associates

As per note 22, the directors of the Company considered certain associates in which the Group has less than 20% equity interests, as associates of the Group. The Group has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these investees so as to have significant influence in their activities.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimated impairment of goodwill

The Group performs impairment assessment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Recoverable amount is the higher of its value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU(s) in which the goodwill is allocated, and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, further impairment loss may arise. As at 31 December 2023, the carrying amount of goodwill is RMB1,032,483,000 (2022: RMB1,032,483,000) (net of accumulated impairment loss of RMB805,868,000 (2022: RMB805,868,000)). Details of the impairment assessment are disclosed in note 21.

(b) Estimated impairment of property, plant and equipment, intangible assets, right-of-use assets and construction in progress

In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or fair value less cost of disposal; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changing the assumptions selected by management to determine the level of impairment, including the discount rate in the cash flow projections, could materially affect net present value used in the impairment test. Impairment loss of property, plant and equipment, intangible assets, right-of-use assets and construction in progress amounting to RMB483,668,000 (2022: RMB432,890,000), RMB14,698,000 (2022: RMBnil), RMBnil (2022: RMBnil), RMB15,037,000 (2022: RMB513,876,000), respectively, were recognised in the consolidated financial statements for the year ended 31 December 2023 (Note 11(a)) and details of the impairment assessment are set out in notes 17 and 19.

(c) Provision of ECLs on trade and other receivables

The provision of ECLs is made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on the Group's trade and other receivables are disclosed in notes 27, 28 and 43(b).

(d) Depreciation and amortisation

Property, plant and equipment, right-of-use assets, investment properties and intangible assets are depreciated or amortised over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Deferred tax assets

As disclosed in note 35(a), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

5. TURNOVER AND SEGMENT INFORMATION

(a) Disaggregation of turnover

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

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sale of electricity	96,151,641	95,495,823
– Sale of heat	9,623,874	8,970,609
– Sale of coal	10,600,549	1,493,907
	116,376,064	105,960,339

The revenue from sale of electricity, heat and coal is recognised at a point in time.

(b) Segment information

The chief operating decision makers review the Group's revenue and profit as a whole, which are determined in accordance with the Group's accounting policies, for resources allocation and performance assessment. Therefore, the Group has only one operating and reportable segment and no further segment information is presented in the consolidated financial statements.

Geographical information

The Group's non-current assets are mainly located in the PRC. The Group's major customers are based in the PRC which are the power grid operators in relation to the sale of electricity.

Information about major customers

In 2023, the revenue from two (2022: two) regional and provincial power grid operators accounted for 39% (2022: 47%) of external revenue, each of which contributing to over 10% of the total sales of the Group. Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2023 RMB'000	2022 RMB'000
Customer A*	33,337,419	35,470,043
Customer B*	11,752,489	14,603,841

* Revenue from sale of electricity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

6. PERSONNEL COSTS

	2023 RMB'000	2022 RMB'000
Wages, welfare and other benefits	5,194,659	4,621,061
Retirement benefits (note 40)	2,087,668	1,941,459
Other staff costs	781,658	591,026
	8,063,985	7,153,546

7. TAXES AND SURCHARGES

During the year, taxes and surcharges of the Group with the amount of approximately RMB975 million (2022: RMB872 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

8. INVESTMENT INCOME

	2023 RMB'000	2022 RMB'000
Dividend income from financial assets measured at FVPL	4,540	3,413
Interest on loans and receivables	14,878	14,878
Gain (loss) on closure of a subsidiary	7,278	(1,543)
Loss on disposal of financial assets measured at FVOCI	(8,850)	(8,075)
	17,846	8,673

9. OTHER REVENUE AND NET INCOME

	2023 RMB'000	2022 RMB'000
Other revenue		
Government grants (Note)	686,491	757,986
Revenue from upfront installation fees for heating networks (note 36)	232,880	227,492
Others	234,760	119,415
	1,154,131	1,104,893
Other net income		
Gain on disposal of property, plant and equipment, and intangible assets	159,137	221,101
Net income from sale of materials	458,079	783,121
Others	(183,705)	(230,862)
	433,511	773,360

Note: Government grants mainly represent the grants from government for purchase of coal, power generation, heat supply and environmental protection. There is no unfulfilled condition relating to those grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

10. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest on loans and other financial liabilities	3,763,708	4,232,436
Interest on lease liabilities	8,825	19,524
Interest on convertible bonds (note 32)	15,137	57,011
Other finance costs	27,291	34,889
Net foreign exchange loss	6,441	5,489
Less: interest capitalised	(145,271)	(218,155)
	3,676,131	4,131,194

The borrowing costs have been capitalised at an average rate of 3.27% (2022: 3.61%) per annum for construction in progress.

11. PROFIT (LOSS) BEFORE TAXATION

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

	2023 RMB'000	2022 RMB'000
Amortisation		
– Intangible assets	119,702	111,552
Depreciation		
– Property, plant and equipment	10,078,768	9,631,805
– Right-of-use assets	304,004	292,150
– Investment properties	2,192	1,991
Total depreciation and amortisation	10,504,666	10,037,498
Auditor's remuneration		
– Audit services	6,250	6,950
– Non-audit services	1,250	1,250
Cost of inventories recognised	85,195,334	84,093,710
(Reversal of impairment losses) impairment losses under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivables	(5,482)	41,372
– Deposits, other receivables and prepayments	(215,958)	3,528
Write down of inventories, net	13,277	1,434
Impairment losses on non-financial assets (included in administration expenses):		
– Property, plant and equipment	483,668	432,890
– Construction in progress	15,037	513,876
– Goodwill (note 21)	–	167,218
– Intangible assets (note 20)	14,698	–
Expense relating to short-term leases	57,245	54,991

(b) Other operating expenses

	2023 RMB'000	2022 RMB'000
Heating	557,614	629,329
Power charges	272,037	298,015
Water charges	454,525	435,405
Others	27,587	36,495
Total other operating expenses	1,311,763	1,399,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

12. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executives' and supervisors' emoluments are as follows:

2023	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Executive directors					
Dai Jun	-	-	-	-	-
Chen Bin (Note i)*	-	307	90	572	969
Li Guoming	-	272	95	503	870
Non-executive directors					
Ni Shoumin (Note vi)	-	-	-	-	-
Peng Xingyu (Note iii)	-	-	-	-	-
Zhao Bing (Note ii)	-	-	-	-	-
Zhang Zhiqiang	-	-	-	-	-
Li Pengyun (Note iii)	-	-	-	-	-
Li Qiangde (Note ii)	-	-	-	-	-
Cao Min (Note ii)	-	-	-	-	-
Wang Xiaobo	-	-	-	-	-
Independent non-executive directors					
Feng Zhenping	163	-	-	-	163
Li Xingchun	163	-	-	-	163
Li Menggang (Note v)	54	-	-	-	54
Wang Yuesheng	163	-	-	-	163
Shen Ling (Note iv)	105	-	-	-	105
Supervisors					
Chen Wei (Note vii)	-	-	-	-	-
Liu Shujun (Note viii)	-	-	-	-	-
Ma Jingan	-	272	82	503	857
Zhang Peng (Note ix)	-	215	58	379	652
Tang Xiaoping (Note x)	-	43	11	76	130
	648	1,109	336	2,033	4,126

* Mr. Chen Bin, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

- (i) Mr. Chen Bin was elected as executive director at the company's annual general meeting of shareholders on 31 May 2023.
- (ii) Mr. Zhao Bing, Mr. Li Qiangde and Ms. Cao Min were elected as non-executive directors at the company's annual general meeting on 31 May 2023.
- (iii) Mr. Li Pengyun and Mr. Peng Xingyu resigned as non-executive directors on 31 May 2023.
- (iv) Ms. Shen Ling was elected as an independent non-executive director at the company's annual general meeting on 31 May 2023.
- (v) Mr. Li Menggang resigned as independent non-executive Director on 31 May 2023.
- (vi) Mr. Ni Shoumin resigned as Vice Chairman and Non-executive Director on 31 May 2023.
- (vii) Mr. Chen Wei resigned as Chairman of the Supervisory Committee on 31 May 2023.
- (viii) Mr. Liu Shujun was elected as a Supervisor at the Company's Annual General Meeting of Shareholders on 31 May 2023, and was elected as the Chairman of the Supervisory Board at the first meeting of the 10th Supervisory Board on 31 May 2023.
- (ix) Zhang Peng resigned as supervisor on 3 November 2023.
- (x) Mr. Tang Xiaoping was elected as supervisor in the employee election on 3 November 2023.
- (xi) No directors, supervisors, or the chief executive of the Company waived emoluments in 2023 (2022: Nil) and their emoluments shown above were mainly for their services as directors of the Company.
- (xii) The discretionary bonus is determined by the Remuneration Committee having regard to his performance and the Company's performance and profitability and the prevailing market conditions.
- (xiii) No payment is made as compensation to terminate the service as directors for both years.
- (xiv) No performance related incentive payment is made for the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

12. DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS (Continued)

Details of directors', chief executives' and supervisors' emoluments are as follows: (Continued)

2022	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
Executive directors					
Dai Jun (Note i)	-	-	-	-	-
Luo Xiaoqian* (Note ii)	-	398	69	459	926
Li Guoming (Note iii)	-	173	36	197	406
Ding Huande (Note iv)	-	-	-	200	200
Feng Rong (Note v)	-	172	28	207	407
Non-executive directors					
Ni Shoumin	-	-	-	-	-
Peng Xingyu	-	-	-	-	-
Zhang Zhiqiang	-	-	-	-	-
Li Pengyun	-	-	-	-	-
Wang Xiaobo	-	-	-	-	-
Independent non-executive directors					
Feng Zhenping	140	-	-	-	140
Li Xingchun	140	-	-	-	140
Li Menggang	140	-	-	-	140
Wang Yuesheng	140	-	-	-	140
Supervisors					
Chen Wei	-	-	-	-	-
Ma Jing'an	-	356	55	404	815
Zhang Peng	-	328	55	368	751
	560	1,427	243	1,835	4,065

* Mr. Luo Xiaoqian, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

- (i) Mr. Dai Jun appointed as executive director on 24 August 2022.
- (ii) Mr. Luo Xiaoqian resigned as member of the nomination committee and executive director on 31 May 2023 and as the general manager on 30 December 2022.
- (iii) Mr. Li Guoming appointed as executive director and the chief financial officer on 24 August 2022.
- (iv) Mr. Ding Huande resigned as executive director, the chairman of the Board, and the chairman of the Strategic Committee on 24 August 2022.
- (v) Mr. Feng Rong resigned as executive director and the chief financial officer on 15 June 2022.
- (vi) No directors, supervisors, or the chief executive of the Company waived any remuneration in 2022 (2021: Nil) and their emoluments shown above were mainly for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

13. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two directors (2022: two directors), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining three (2022: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	815	1,057
Retirement benefits	233	176
Bonus	1,514	1,240
	2,562	2,473

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within following bands is as follows:

	2023 Number of Individuals	2022 Number of Individuals
Nil-Hong Kong Dollars ("HK\$") 1,000,000	3	3

14. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 RMB'000	2022 RMB'000 (Restated)
Current tax – PRC Enterprise Income Tax		
Charge for the year	553,903	173,079
Over-provision in respect of prior years	(1,724)	(10,325)
	552,179	162,754
Deferred tax (note 35(a))		
Origination and reversal of temporary differences and tax losses	422,084	(794,148)
Income tax expense (credit) in the consolidated statement of profit or loss and other comprehensive income	974,263	(631,394)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

14. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

(b) Reconciliation between income tax and accounting profit (loss) at applicable tax rates:

	2023 RMB'000	2022 RMB'000 <i>(Restated)</i>
Profit (loss) before taxation	5,842,708	(1,536,927)
Notional PRC enterprise income tax at statutory tax rate of 25% (2022: 25%)	1,460,677	(384,232)
Tax effect of non-deductible expenses	85,941	80,744
Tax effect of non-taxable income	(13,037)	(14,850)
Preferential tax rate on subsidiaries' profit or loss (Note a)	(13,345)	(4,616)
Tax effect of share of results of associates	(939,652)	(1,199,159)
Tax effect of tax losses and deductible temporary differences not recognised	546,772	933,338
Utilisation of tax losses and deductible temporary differences previously not recognised	(21,470)	(32,294)
Additional deduction of environmental friendly equipments (Note b)	(129,899)	–
Over-provision in respect of prior years	(1,724)	(10,325)
	974,263	(631,394)

Notes:

- (a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% (2022: 25%) on the estimated assessable profit or loss for the year 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 either 15% or 20% (2022: tax exempted, taxed at preferential rate of 15%).
- (b) In accordance with relevant enterprise income tax rules and regulations, additional tax deduction is granted to the PRC company which acquires for environmental friendly equipment during the financial year.

15. OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Share of other comprehensive income of investees accounted for under the equity method	18,426	34,746
Share of other comprehensive income (expense) (non-recycling) of investees accounted for under the equity method	64,113	(7,365)
Other comprehensive income, net of income tax	82,539	27,381

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

16. EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

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

	2023 RMB'000	2022 RMB'000 (Restated)
Profit (loss) attributable to equity holders of the Company	4,601,094	(14,322)
Less: Profit attributable to holders of perpetual capital securities (note 38(e))	(1,007,474)	(900,875)
Profit (loss) attributable to equity shareholders (Earnings (loss) for the purpose of basic earnings (loss) per share)	3,593,620	(915,197)
Weighted average number of ordinary shares in issue (Rounded to the nearest thousand)	10,122,960	9,869,858
Basic earnings (loss) per share (RMB)	0.355	(0.093)

(b) Diluted earnings (loss) per share

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume exercise/conversion of all dilutive potential ordinary shares. During the year ended 31 December 2023, the Company has 1 (2022: 1) category of dilutive potential ordinary shares which is the convertible bonds (note 32). They are assumed to have been converted into ordinary shares, and profits attributable to the equity shareholders of the Company is adjusted to eliminate the interest expenses of the convertible bonds.

	2023 RMB'000
Profit attributable to equity shareholders	3,593,620
Add: interest expense on liability component of convertible bonds	15,137
Earnings for the purpose of diluted earnings per share	3,608,757

	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,122,960
Effect of dilutive potential ordinary shares: convertible bonds	104,601
Weighted average number of ordinary shares for the purpose of diluted earnings per share	10,227,561
Diluted earnings per share (RMB)	0.353

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Generators machinery and equipment RMB'000	Mining structures and mining rights RMB'000	Motor vehicles furniture, fixtures, equipment and others RMB'000	Total RMB'000
Cost					
At 1 January 2022	66,124,054	146,379,745	6,021,573	4,757,112	223,282,484
Additions	149,326	302,844	-	136,961	589,131
Transferred from construction in progress (note 19)	4,082,920	7,392,867	-	604,509	12,080,296
Disposals/write-offs	(161,595)	(1,000,880)	-	(177,579)	(1,340,054)
At 31 December 2022 and 1 January 2023	70,194,705	153,074,576	6,021,573	5,321,003	234,611,857
Additions	7,934	2,720,891	614,934	139,861	3,483,620
Transferred from construction in progress (note 19)	3,697,152	11,550,578	-	622,633	15,870,363
Disposals/write-offs	(2,164,729)	(1,621,394)	-	(146,689)	(3,932,812)
At 31 December 2023	71,735,062	165,724,651	6,636,507	5,936,808	250,033,028
Accumulated depreciation and impairment					
At 1 January 2022	21,565,534	68,411,859	4,896,094	2,770,858	97,644,345
Charge for the year	2,071,938	6,898,033	2,474	659,360	9,631,805
Written back on disposals	(125,769)	(967,477)	-	(174,940)	(1,268,186)
Impairment loss (note (i))	13,651	335,091	-	84,148	432,890
At 31 December 2022 and 1 January 2023	23,525,354	74,677,506	4,898,568	3,339,426	106,440,854
Charge for the year	2,224,537	7,165,162	36,131	652,938	10,078,768
Written back on disposals	(132,410)	(1,313,581)	-	(141,237)	(1,587,228)
Impairment loss (note (i))	86,490	396,037	-	1,141	483,668
At 31 December 2023	25,703,971	80,925,124	4,934,699	3,852,268	115,416,062
Net book value					
At 31 December 2023	46,031,091	84,799,527	1,701,808	2,084,540	134,616,966
At 31 December 2022	46,669,351	78,397,070	1,123,005	1,981,577	128,171,003

Notes:

(i) Impairment loss

Each power generation plant or coal mining company constitutes a CGU. During the both reporting periods, certain property, plant and equipment became damaged, idle or obsolete due to government policies on environmental protection, energy conservation and/or emission reduction. The management assessed the recoverable amount of the property, plant and equipment and other relevant non-current assets (including allocated goodwill) within the CGU relating to power generation plants, after taking into account the Group's future power generation operating plans and the outlook for the industry. In addition, in the assessment of the recoverable amount of the property, plant and equipment relating to coal mining companies, the management takes into account the changes in the external market, the coal production and operation efficiency of the Group. Based on the impairment testing results, the carrying value of property, plant and equipment and intangible assets of the Group were impaired by approximately RMB484 million and RMB15 million respectively (2022: RMB433 million and nil), with impairment losses recognised in profit or loss accordingly.

The recoverable amount of the relevant CGUs had been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period (2022: five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2022: zero growth rates). The cash flows are discounted using a discount rate from 7.25% to 11.37% (2022: 7.00% to 11.00%). The discount rates used are pre-tax and reflect specific risks relating to the relevant group of assets.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where the power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of these units.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of approximately RMB964 million as at 31 December 2023 (2022: RMB1,114 million).

(iii) As at 31 December 2023, the carrying value of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by the Group for financing purposes (note 31(d)) during the year was approximately RMB828 million (2022: RMB1,120 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

18. LEASE

The Group as a lessee

The Group has lease contracts for various items of buildings, generators, machinery and equipment, land use rights and sea use rights that were used in its operations. Leases of buildings, generators, machinery and equipment generally have lease terms between 6 months and 50 years (2022: between 6 months and 45 years), while land use rights and sea use rights generally have lease terms between 10 and 70 years (2022: between 10 and 70 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

(i) The carrying amounts of the Group's right-of-use assets are as follows:

	2023 RMB'000	2022 RMB'000
Buildings	52,593	98,498
Generators, machinery and equipment	–	488,593
Land use rights and sea use rights	5,302,800	5,392,516
Total	5,355,393	5,979,607

During the year ended 31 December 2023, additions to new buildings, new machineries and land use rights are amounted to RMB17,321,000, RMB616,000 and RMB107,671,000, respectively.

(ii) Depreciation charge of right-of-use assets is as follows:

	2023 RMB'000	2022 RMB'000
Buildings	62,554	59,731
Generators, machinery and equipment	44,907	69,423
Land use rights and sea use rights	196,543	162,996
Total	304,004	292,150

(b) Lease liabilities

Amounts payable under lease liabilities

	2023 RMB'000	2022 RMB'000
Within one year	24,635	218,402
After one year and within two years	16,921	20,937
After two years and within five years	13,542	31,254
After five years	16,158	9,301
	71,256	279,894
Analysed into:		
Current portion	24,635	218,402
Non-current portion	46,621	61,492

The weighted average incremental borrowing rates applied to lease liabilities range from 2.27% to 4.90% (2022: 4.20% to 5.39%). The total cash outflow for leases for the year ended 31 December 2023 was RMB363,131,000 (2022: RMB304,902,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

19. CONSTRUCTION IN PROGRESS

	2023 RMB'000	2022 RMB'000
At 1 January	14,842,864	15,804,052
Additions	8,395,404	11,632,984
Transferred to property, plant and equipment (note 17)	(15,870,363)	(12,080,296)
Impairment loss (Note)	(15,037)	(513,876)
At 31 December	7,352,868	14,842,864

Note:

During the both reporting years, it was identified that certain preliminary projects of the Group have no economic value for further development or remote possibility of obtaining relevant approval of the National Development and Reform Commission or its local agencies. As a result, the gross carrying amount of these projects of approximately RMB192 million (2022: RMB626 million) was written down to its recoverable amount of RMB177 million (2022: RMB112 million) as of 31 December 2023. The recoverable amounts of these assets are based on their fair value less costs of disposal. In addition, certain preliminary projects with a gross amount of RMB0.43 million (2022: RMB24 million) which had previously been fully impaired, were written off in 2023. As of 31 December 2023, the accumulated impairment loss of construction in progress was approximately RMB910 million (2022: RMB895 million).

20. INTANGIBLE ASSETS

	Concession assets RMB'000	Development right of hydropower RMB'000	Others RMB'000	Total RMB'000
Cost				
At 1 January 2022	67,039	1,382,954	864,356	2,314,349
Additions	–	–	173,962	173,962
Disposals	(583)	–	(22,686)	(23,269)
At 31 December 2022 and 1 January 2023	66,456	1,382,954	1,015,632	2,465,042
Additions	–	–	90,081	90,081
Disposals	–	–	(11,900)	(11,900)
At 31 December 2023	66,456	1,382,954	1,093,813	2,543,223
Accumulated amortisation				
At 1 January 2022	3,873	31,634	378,215	413,722
Charge for the year	2,675	19,518	89,359	111,552
Written back on disposals	–	–	(91)	(91)
At 31 December 2022 and 1 January 2023	6,548	51,152	467,483	525,183
Charge for the year	5,552	20,075	94,075	119,702
Impairment loss	–	14,698	–	14,698
Written back on disposals	–	–	(8,491)	(8,491)
At 31 December 2023	12,100	85,925	553,067	651,092
Net book value				
At 31 December 2023	54,356	1,297,029	540,746	1,892,131
At 31 December 2022	59,908	1,331,802	548,149	1,939,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

20. INTANGIBLE ASSETS (Continued)

Intangible assets mainly represent concession assets to operate power plants granted by the government under service concession arrangements and development right of hydropower.

The amortisation recognised for the year amounting to approximately RMB120 million (2022: RMB112 million) is included in "Depreciation and amortisation" in the consolidated statement of profit or loss and other comprehensive income.

21. GOODWILL

	2023 RMB'000	2022 RMB'000
Cost		
At 1 January and 31 December	1,838,351	1,838,351
Impairment losses		
At 1 January	805,868	638,650
Impairment loss recognised during the year (note 11)	–	167,218
At 31 December	805,868	805,868
Net book value		
At 31 December	1,032,483	1,032,483

The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	2023 RMB'000	2022 RMB'000
Huadian Weifang Power Generation Company Limited	20,845	20,845
Hangzhou Huadian Banshan Power Generation Company Limited	59,322	59,322
Hebei Huarui Energy Group Corporation Limited	38,491	38,491
Lixian Star River Hydropower Company Limited	89,184	89,184
Hubei Power Generation	427,679	427,679
Hunan Area Companies	389,538	389,538
Others	7,424	7,424
Total	1,032,483	1,032,483

During the year ended 31 December 2023, no impairment loss is recognised (2022: RMB167 million).

The basis of the recoverable amounts of the CGUs containing goodwill and their major underlying assumptions are summarised below:

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2022: a five-year period). Cash flows beyond the five-year period are projected using zero growth rate (2022: zero growth rates). The cash flows are discounted using a discount rate of 7.25% to 11.37% (2022: 7.00% to 11.00%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount of these units.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	44,339,913	41,581,300
Less: impairment loss	(99,290)	(99,290)
	44,240,623	41,482,010
Fair value of listed investment (Note)	343,388	348,314

Note: The fair value of the listed investment is determined based on the quoted market bid price at the Shenzhen Stock Exchange in the PRC multiplied by the quantity of share held by the Group.

(a) General information of associates

The following list contains only the particulars of associates as at 31 December 2023, all of which are limited liability companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up Capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Otog Front Banner Changcheng No.3 Mining Company Limited ("Changcheng No.3 Mining") 鄂托克前旗長城三號礦業有限公司	1,414,596 (2022:1,246,307) (Note (iii))	35.00	-	Production and sale of coal
China Huadian Finance Corporation Limited ("China Huadian Finance") 中國華電集團財務有限公司	5,541,117	14.85 (Note (i))	-	Provision of corporate financial service to its group companies
Huadian Coal Industry Group Company Limited ("Huadian Coal") 華電煤業集團有限公司	3,657,143	11.82 (Note (i))	1.16	Provision of coal procurement service
Ningxia Yinxing Coal Company Limited ("Yinxing Coal") 寧夏銀星煤業有限公司	1,069,950	50.00 (Note (iii))	-	Production and sale of coal
Otog Front Banner Changcheng No. 5 Mining Company Limited ("Changcheng No.5 Mining") 鄂托克前旗長城五號礦業有限公司	765,616 (2022:653,995) (Note (iii))	35.00	-	Production and sale of coal
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35.00	-	Production and sale of coal
Huadian Property Company Limited 華電置業有限公司	2,697,500	8.31 (Note (i))	1.07	Property development
Huadian Jinsha River Upstream Hydropower Development Company Limited ("Jinsha River Hydropower Company") 華電金沙江上游水電開發有限公司	6,647,709 (2022:6,398,270) (Note (iii))	12.00 (Note (i))	-	Generation and sale of electricity
Otog Front Banner Changcheng Mine Company Limited ("Changcheng Mine") 鄂托克前旗長城煤礦有限公司	838,171 (2022: 756,270) (Note (iii))	35.00	-	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited ("Fucheng Mining Company") 內蒙古福城礦業有限公司	1,045,475 (2022:937,369) (Note (iii))	35.00	-	Sale of ores steels products
Ningxia Western Venture Industrial Co., Ltd. ("Ningxia West") 寧夏西部創業實業股份有限公司	1,458,375	4.87 (Note (i))	-	Railway development and management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES (Continued)

(a) General information of associates (Continued)

Name of company	Paid up Capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
CNNP CHD Hebei Nuclear Power Company Limited ("Hebei Nuclear Power") 中核華電河北核電有限公司	441,850 (2022: 421,102) (Note (iii))	39.00	-	Generation and sale of electricity
Huadian New Energy Group Corporation Limited ("Huadian New Energy") 華電新能源集團股份有限公司	36,000,000	31.03	-	Generation and sale of electricity and heat

Notes:

- (i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.
- (ii) The Group holds 50% ownership of Yinxing Coal. According to the articles of associations of Yinxing Coal, the financial and operating policy decisions do not require unanimous consent of the parties sharing control. Thus, Yinxing Coal is accounted for as an associate of the Company.
- (iii) During the year ended 31 December 2023, the Group has made capital injections into these associates with aggregate amount of RMB740 million. There are no changes in ownership interests and voting rights after the injection. Amount of RMB469 million of the above mentioned capital injections into the associates is offset by the dividends paid from those associates.
- (iv) The English translation of the names is for identification only. The official names of these entities are in Chinese.

(b) Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

(i) Huadian Coal

	2023 RMB'000	2022 RMB'000
Current assets	15,349,847	19,610,513
Non-current assets	73,026,023	73,191,531
Current liabilities	(22,642,209)	(30,565,380)
Non-current liabilities	(27,349,982)	(27,311,834)
	2023 RMB'000	2022 RMB'000
Revenue	44,373,196	44,539,298
Profit for the year	8,375,590	5,881,042
Other comprehensive income for the year	495,914	222,362
Total comprehensive income for the year	8,871,504	6,103,404
Dividends received during the year	401,544	674,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES (Continued)

(b) Summarised financial information of material associates (Continued)

(i) Huadian Coal (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian Coal recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets	38,383,679	34,924,830
Non-controlling interests of Huadian Coal	(14,147,223)	(12,969,699)
Proportion of the Group's ownership interest	12.98%	12.98%
Carrying amount of the Group's interest	3,145,892	2,849,776

(ii) Huadian New Energy

	2023 RMB'000	2022 RMB'000
Current assets	46,870,621	39,744,423
Non-current assets	298,572,682	243,033,319
Current liabilities	(82,654,089)	(73,627,328)
Non-current liabilities	(162,352,417)	(118,677,812)

	2023 RMB'000	2022 RMB'000
Revenue	29,543,155	24,452,732
Profit for the year	10,109,827	10,622,001
Other comprehensive income for the year	216,287	18,488
Total comprehensive income for the year	10,326,114	10,640,489

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian New Energy recognised in the consolidated financial statements:

	2023 RMB'000	2022 RMB'000
Net assets	100,436,797	90,472,602
Non-controlling interests of Huadian New Energy	(6,039,981)	(5,255,960)
Proportion of the Group's ownership interest	31.03%	31.03%
Carrying amount of the Group's interest	29,291,332	26,442,724

(c) Aggregate information of associates that are not individually material

	2023 RMB'000	2022 RMB'000
The Group's share of profit and total comprehensive income for the year	228,808	1,446,485
Aggregate carrying amount of the Group's interests in these associates	11,803,399	12,189,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

22. INTERESTS IN ASSOCIATES *(Continued)*

(d) Unrecognised share of losses of associates

	2023 RMB'000	2022 RMB'000
The unrecognised share of losses of associates for the year	(263,926)	(113,338)
Cumulative unrecognised share of losses of associates	(561,477)	(297,551)

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Unlisted equity securities, at FVPL	351,434	370,055

The above unlisted equity securities are issued by private entities incorporated in the PRC.

The fair value of unlisted equity securities is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.

24. OTHER NON-CURRENT ASSETS

	2023 RMB'000	2022 RMB'000
Financial assets		
– Other long-term receivables with fixed-rate and non-current feature (Note)	155,045	231,354
Deductible Value Added Tax and other tax	279,859	573,809
Other	36,736	18,773
	471,640	823,936

Note:

Other long-term receivables are balances due from an associate and carry interest at 4.75%, and will be repaid in 2025 and 2026. (note 39(a)).

25. SERVICE CONCESSION ARRANGEMENT

The Group entered into certain service concession agreements with local governments (the “Grantors”) to construct and operate power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group needs to dispose of the power plants to local government at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted. No additions to concession assets were recognised for service concession arrangements in both 2023 and 2022 (note 20).

The Group has recognised intangible assets (note 20) relating to the service concession arrangements, which represent the Group’s rights to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group with any guaranteed minimum payment for the operating period of the power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

26. INVENTORIES

	2023 RMB'000	2022 RMB'000
Coal, gas and stalk	3,889,783	3,331,473
Fuel oil	53,626	53,478
Materials, components and spare parts	557,174	552,429
	4,500,583	3,937,380

All of the inventories for future usage and sales are expected to be utilised within one year.

27. TRADE DEBTORS AND BILLS RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade debtors and bills receivables for the sale of electricity	11,014,323	11,215,958
Trade debtors and bills receivables for the sale of heat	1,045,354	994,957
Trade debtors and bills receivables for the sale of coal	631,877	539,884
	12,691,554	12,750,799
Less: allowance for impairment	(354,847)	(361,332)
	12,336,707	12,389,467

	2023 RMB'000	2022 RMB'000
Analysed into:		
– At amortised cost	12,326,729	12,002,063
– At FVOCI (Note (i))	364,825	748,736
	12,691,554	12,750,799

Notes:

- (i) The Group's bills receivables are managed with a business model under which bills receivable are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date. Accordingly, these bills receivable are classified as financial assets at FVOCI.
- (ii) During the year ended 31 December 2023, bank acceptance bills discounted of approximately RMB3,078 million (2022: RMB1,090 million) were derecognised by the Group (the "Derecognised Bills"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. In the opinion of the directors, the fair values of the Group's Continuing Involvements in the Derecognised Bills are not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

27. TRADE DEBTORS AND BILLS RECEIVABLES *(Continued)*

(a) Ageing analysis

As at 31 December 2023, 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:

	2023 RMB'000	2022 RMB'000
Within 1 year	12,201,336	12,348,427
1 to 2 years	117,309	33,779
2 to 3 years	17,660	6,754
Over 3 years	402	507
	12,336,707	12,389,467

(b) Impairment of trade debtors and bills receivables

Impairment loss in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly. The movement in allowance for impairment during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	361,332	328,917
Impairment loss recognised	5,783	42,417
Reversal of impairment loss	(11,265)	(1,045)
Write-off	(1,003)	(8,957)
At 31 December	354,847	361,332

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances, the Group determines the ECL on these items on a collective basis.

At 31 December 2023, the Group's trade debtors and bills receivables totalling of approximately RMB6 million (2022: RMB42 million) were individually determined to be credit-impaired and loss allowance of the same amount has been recognised during the year. A write-off of trade debtors and bills receivables with a gross carrying amount of approximately RMB1 million (2022: RMB9 million) resulted in a decrease in loss allowance of approximately RMB1 million (2022: RMB9 million). The Group does not hold any collateral over these balances.

The information about the ECLs on the Group's trade debtors and bills receivables are disclosed in note 43(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

28. DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2023 RMB'000	2022 RMB'000
Financial assets		
– Dividends receivable	728,639	353,150
– Deposits	56,688	24,649
– Consideration receivables	–	134,437
– Machinery and equipment related receivables	211,404	327,583
– Other receivables	655,433	801,682
	1,652,164	1,641,501
Less: allowance for impairment (Note)	(262,998)	(482,429)
	1,389,166	1,159,072
Deductible Value Added Tax	1,449,812	1,537,089
Prepayments	3,185,062	3,728,564
Others	172,900	96,552
	6,196,940	6,521,277

Note:

ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2023, ECLs of deposits and other receivables of the Group amounted to approximately RMB263 million (2022: RMB482 million). The information about the ECLs on the Group's deposits and other receivables are disclosed in note 43(b).

29. RESTRICTED DEPOSITS

Restricted deposits mainly represent performance bonds at banks and other financial institutions with maturity of over three months.

30. CASH AND CASH EQUIVALENTS

	2023 RMB'000	2022 RMB'000
Cash at bank and in hand	52,953	26,636
Cash at other financial institutions	5,117,324	5,880,979
	5,170,277	5,907,615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS

(a) Bank loans

	2023 RMB'000	2022 RMB'000
Due:		
Within 1 year		
– short-term bank loans	15,884,273	22,111,828
– current portion of long-term bank loans	10,905,153	6,726,229
	26,789,426	28,838,057
After 1 year but within 2 years	13,712,953	12,711,715
After 2 years but within 5 years	20,667,583	19,876,472
After 5 years	15,297,871	16,963,275
	49,678,407	49,551,462
	76,467,833	78,389,519

As at 31 December 2023, all of the bank loans are unsecured, except for amounts of approximately RMB9,252 million (2022: RMB10,620 million) which are secured by the income stream in respect of the sale of electricity and heat and trade debtors for the sale of electricity and heat of certain subsidiaries; and amounts of approximately RMB1,114 million (2022: RMB1,242 million) which are secured by property, plant and equipment with an aggregate carrying amount of approximately RMB964 million (2022: RMB1,114 million). None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	2023 RMB'000	2022 RMB'000
RMB loans		
Floating interest rates ranging from 1.55% to 4.55% (2022: 1.75% to 4.90%) per annum with maturities up to 2048	55,316,002	52,580,210
Fixed interest rates ranging from 1.75% to 3.96% (2022: 1.80% to 4.30%) per annum with maturities up to 2035	21,151,831	25,809,309
	76,467,833	78,389,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS (Continued)

(b) Loans from shareholders

	2023 RMB'000	2022 RMB'000
Due:		
Within 1 year		
– short term loans from shareholders	200,223	–
– current portion of long-term loans from shareholders	537,131	1,358,019
	737,354	1,358,019
After 1 year but within 2 years	1,026,460	179,400
After 2 years but within 5 years	3,193,910	3,416,460
After 5 years	800,000	800,000
	5,020,370	4,395,860
	5,757,724	5,753,879

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	2023 RMB'000	2022 RMB'000
Loans from China Huadian		
Floating interest rates ranging from 3% (2022: 3.00% to 4.00%) per annum, with maturities up to 2027	300,274	200,214
Fixed interest rates ranging from 2.69% to 5% (2022: 2.69% to 5.00%) per annum, with maturities up to 2030	5,457,191	5,553,406
Others		
Fixed interest rate of 4.65% (2022: 4.65%) per annum, with maturities up to 2024	259	259
	5,757,724	5,753,879

(c) State loans

	2023 RMB'000	2022 RMB'000
Due:		
Within 1 year		
– current portion of long-term state loans	1,886	1,781
After 1 year but within 2 years	1,885	1,781
After 2 years but within 5 years	5,659	5,345
After 5 years	38,087	37,754
	45,631	44,880
	47,517	46,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS (Continued)

(c) State loans (Continued)

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	2023 RMB'000	2022 RMB'000
Euro loan		
Fixed interest rate of 0.75% (2022: 0.75%) per annum, with maturities up to 2048	47,517	46,661

The Euro state loan represents a loan facility maximum of approximately Euro14.50 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. At 31 December 2023, the total amount of the above state loan is approximately Euro6.05 million (2022: Euro6.29 million).

(d) Other loans

	2023 RMB'000	2022 RMB'000
Due:		
Within 1 year		
– short-term other loans	2,883,281	5,873,315
– current portion of long-term other loans	1,519,213	1,576,901
	4,402,494	7,450,216
After 1 year but within 2 years	1,898,175	1,791,047
After 2 years but within 5 years	2,593,161	2,358,583
After 5 years	2,365,173	1,597,951
	6,856,509	5,747,581
	11,259,003	13,197,797

Other loans are mainly borrowed from China Huadian Finance, an associate of the Group, and certain fellow subsidiaries of the Company. Other loans bear interest rates ranging from 2.29% to 4.65% per annum as at 31 December 2023 (2022: 1.20% to 5.00% per annum), with maturities from 2024 to 2038 (2022: 2023 to 2037).

During the current year, the Group has signed sales and leaseback agreements with a fellow subsidiary of the Company (note 39) and with a third-party financial leasing company with both contract terms of 1 year. The Group sold certain property, generator and related machinery and equipment (note 17) and in the meantime, leased back those assets. According to the agreements, the Group has an option to buy back the equipment at a nominal price of RMB100 or RMB1 when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. Meanwhile, the Group has certain financing agreements with fellow subsidiaries (note 39). As at 31 December 2023, the loans mentioned above bear interest rate ranging from 3.10% to 4.65% (2022: 1.20% to 5.00%) per annum and will be due from 2024 to 2038 (2022: 2023 to 2037).

As at 31 December 2023, the other loans borrowed from China Huadian Finance, a fellow subsidiary and a third party financial leasing company totalling of approximately RMB684 million (2022: RMB485 million) are secured by the income stream in respect of the sale of electricity.

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS (Continued)

(d) Other loans (Continued)

	2023 RMB'000	2022 RMB'000
Loans from China Huadian Finance		
Floating interest rates ranging from 2.29% to 4.06% (2022: 2.60% to 4.41%) per annum, with maturities up to 2035	5,905,797	4,727,807
Fixed interest rates ranging from 2.30% to 3.10% (2022: 2.50% to 3.85%) per annum, with maturities up to 2035	3,607,057	6,871,104
Others		
Floating interest rates ranging from 3.40% to 4.05% (2022: 3.80% to 4.53%) per annum, with maturities up to 2037	1,109,254	1,082,027
Fixed interest rates of ranging from 3.10% to 4.65% (2022: 1.20% to 5.00%) per annum, with maturities up to 2038	636,895	516,859
	11,259,003	13,197,797

(e) Long-term debentures payable

	2023 RMB'000	2022 RMB'000
First tranche of medium-term notes for the year of 2019	3,091,624	3,091,058
Third tranche of medium-term notes for the year of 2020	–	2,032,233
First tranche of green mid-term notes for the year of 2021	2,323,335	2,322,468
Second tranche of medium-term notes for the year of 2021	2,527,578	2,526,636
Third tranche of medium-term notes for the year of 2021	2,017,758	2,017,004
Fourth tranche of medium-term notes for the year of 2021	1,814,864	1,814,185
Fifth tranche of medium-term notes for the year of 2021	2,514,694	2,513,752
First tranche of company debentures for the year of 2022 (Energy Supply Assurance Bond)	2,571,281	2,570,574
First tranche of medium-term notes for the year of 2022 (Revolutionary Base Area Bond)	2,054,668	2,053,915
Second tranche of medium-term notes for the year of 2022 (Type 1)	1,020,322	1,020,039
Second tranche of medium-term notes for the year of 2022 (Type 2)	1,022,842	1,022,559
Third tranche of medium-term notes for the year of 2022	1,521,438	1,521,014
Second tranche of company debentures for the year of 2022	1,510,258	1,509,622
	23,990,662	26,015,059
Less: Long-term debentures due within one year	(14,196,421)	(2,442,132)
	9,794,241	23,572,927

On 6 January 2022, the Group issued the first tranche of company debentures for the year of 2022 (Energy Supply Assurance Bond) in Shanghai Stock Exchange. The company debenture was issued at a total par value of RMB2,500 million with a maturity period of 3 years and bears interest at 2.92% per annum. The tranche is unsecured.

On 17 January 2022, the Group issued the first tranche of medium-term notes for the year of 2022 (Revolutionary Base Area Bond) in PRC interbank debenture market. The medium-term notes was issued at a total par value of RMB2,000 million with a maturity period of 3 years and bears interest at 2.90% per annum. The tranche is unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

31. BORROWINGS (Continued)

(e) Long-term debentures payable (Continued)

On 20 April 2022, the Group issued the second tranche of medium-term notes for the year of 2022 (Type 1) in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,000 million with a maturity period of 3 years and bears interest at 2.95% per annum. The tranche is unsecured.

On 20 April 2022, the Group issued the second tranche of medium-term notes for the year of 2022 (Type 2) in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,000 million with a maturity period of 5 years and bears interest at 3.39% per annum. The tranche is unsecured.

On 20 June 2022, the Group issued the third tranche of medium-term notes for the year of 2022 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,500 million with a maturity period of 2 years and bears interest at 2.70% per annum. The tranche is unsecured.

On 16 September 2022, the Group issued the second tranche of company debentures for the year of 2022 in Shanghai Stock Exchange. The company debenture was issued at a total par value of RMB1,500 million with a maturity period of 3 years and bears interest at 2.58% per annum. The tranche is unsecured.

During the year ended 31 December 2023, the Group repaid 1 tranche of medium-term notes debentures with principal amount of RMB2,000 million (2022: repaid 1 tranche of medium-term notes and 1 tranche company debentures with principal amount of RMB3,500 million and RMB2,000 million) at par value.

At 31 December 2023, the effective interest rates of the long-term debentures are ranged from 2.63% to 4.08% (2022: from 2.54% to 4.08%) per annum after considering the effect of issue costs.

(f) Short-term debentures payables

During the year ended 31 December 2023, the Group issued a tranche of super short-term debentures of 2023 in PRC interbank debenture market. The super short-term debenture was issued at a par value of RMB2,000 million with a maturity period of 60 days and bears interest at 2.00% per annum. The tranche is unsecured. During the current year, the Group has redeemed the above mentioned super short-term debentures.

32. CONVERTIBLE BONDS

On 28 September 2021, the Company completed the issuance of 14,701,590 convertible bonds (“CBs”) at a par value of RMB100 each, which were due on 28 September 2024 with an aggregate principal amount of RMB1,470,159,000. The annual coupon rate of the CBs is 2% for the first year, 3% for the second year, and 3% for the third year from the date of completion of the issuance of CBs. The CBs were denominated in Renminbi and entitled the holders to convert them into ordinary A shares of the Company during the conversion period at a conversion price of RMB4.36 per share. The conversion period of the CBs shall commence on the first trading day (inclusive) immediately following the expiry of the 12-month period after the completion date of the issuance of CBs and end on the maturity date (inclusive) of the CBs. If the CBs are not converted, they will be redeemed by the Company at maturity at a redemption price of 104% of the nominal value of the CBs (excluding the third year accrued interest). Refer to the Company’s announcement dated 30 September 2021 for the details of the terms of the CBs.

At initial recognition, the equity component of the CBs was separated from the liability component. The equity element is presented in equity heading “convertible bonds reserve”. The effective interest rate of the liability component is 3.91%.

On 28 July 2022, as a result of the Company’s declaration of dividend, the conversion price of the CBs was adjusted from RMB4.36 to RMB4.11 per share. Save for this alteration, all other terms and conditions of the outstanding CBs remained unchanged. The relevant ordinary resolution was duly passed at the special general meeting.

During the year ended 31 December 2023, all CBs are fully converted into ordinary shares (2022: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

32. CONVERTIBLE BONDS (Continued)

The movement of the liability component of the convertible loans for the year is set out below:

	Liability component of CBs RMB'000
As at 1 January 2022	1,433,637
Effective interest expenses (note 10)	57,011
Interest paid	(29,403)
As at 31 December 2022 and 1 January 2023	1,461,245
Conversion of CBs into ordinary shares	(1,453,962)
Effective interest expenses (note 10)	15,137
Interest paid	(22,420)
As at 31 December 2023	–

33. TRADE CREDITORS AND BILLS PAYABLE

As at 31 December 2023, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	9,165,850	14,407,697
1 to 2 years	1,089,175	1,001,702
Over 2 years	1,027,223	1,196,809
	11,282,248	16,606,208

34. OTHER PAYABLES AND CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Financial liabilities		
– Construction deposits	1,114,601	1,172,282
– Consideration payables on acquisitions of subsidiaries	296,644	330,400
– Wages payable	215,801	214,982
– Payables for installed capacity quota	–	200,000
– Payables for sewage charges	1,740	1,740
– Dividend payables to non-controlling interests	110,146	109,638
– Distribution payables to holder of perpetual capital securities	412,541	250,639
– Others (Note (i))	581,190	654,355
	2,732,663	2,934,036
Other tax payables	671,065	1,125,876
Contract liabilities	2,157,646	2,028,884
Receipts in advance	9,271	–
	5,570,645	6,088,796

Notes:

- (i) Others mainly include payables on service fees, water charges and other miscellaneous items.
- (ii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

34. OTHER PAYABLES AND CONTRACT LIABILITIES *(Continued)*

Contract liabilities

	2023 RMB'000	2022 RMB'000
Contract liabilities arising from:		
Sale of heat	1,972,436	1,878,840
Sale of coal	101,718	67,502
Others	83,492	82,542
	2,157,646	2,028,884

Contract liabilities mainly relate to the deposits received from customers for sale of heat, coal and others. The Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

For the total contract liabilities of approximately RMB2,029 million as of 31 December 2022 (approximately RMB1,876 million as of 31 December 2021), approximately RMB1,791 million has been recognised as revenue for the year ended 31 December 2023 (2022: approximately RMB1,861 million) from performance obligations satisfied.

35. INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION

Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	At 1 January 2022 RMB'000 <i>(Restated)</i>	Credited/ (charged) to profit or loss RMB'000 <i>(note 14(a))</i>	At 31 December 2022 and 1 January 2023 RMB'000 <i>(Restated)</i>	Credited/ (charged) to profit or loss RMB'000 <i>(note 14(a))</i>	Derecognised through closure of a subsidiary RMB'000	At 31 December 2023 RMB'000
Impairment of assets	131,127	60,400	191,527	(43,404)	-	148,123
Accelerated tax depreciation	(1,268,313)	(10,701)	(1,279,014)	(61,261)	-	(1,340,275)
Fair value adjustments on assets arising from business combinations	(983,139)	149,265	(833,874)	90,118	-	(743,756)
Accrued staff cost	8,294	192	8,486	(17)	-	8,469
Tax losses	2,643,748	571,580	3,215,328	(555,143)	-	2,660,185
Right-of-use assets	(55,540)	20,016	(35,524)	17,187	-	(18,337)
Lease liabilities	16,498	(3,443)	13,055	443	-	13,498
Others (Note)	67,253	6,839	74,092	129,993	17,459	221,544
	559,928	794,148	1,354,076	(422,084)	17,459	949,451

Note: Others represent deferred tax arising from provision for miscellaneous expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

35. INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION *(Continued)*

Deferred tax assets and liabilities recognised: *(Continued)*

Reconciliation to the consolidated statement of financial position is as follows:

	2023 RMB'000	2022 RMB'000 <i>(Restated)</i>
Net deferred tax assets recognised in the consolidated statement of financial position	2,510,363	2,856,915
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,560,912)	(1,502,839)
	949,451	1,354,076

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB13,557 million (2022: RMB12,330 million) and deductible temporary differences of approximately RMB5,397 million (2022: RMB5,313 million) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	2023 RMB'000	2022 RMB'000
2023	–	1,236,049
2024	654,383	655,255
2025	141,772	142,337
2026	6,870,111	6,908,051
2027	3,376,543	3,388,264
2028	2,514,306	–
	13,557,115	12,329,956

36. DEFERRED INCOME

Deferred income represents the unearned portion of upfront installation fees received 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 service terms of the relevant contracts of sale of heat. The upfront installation fee recognised for the year amounting to approximately RMB233 million (2022: RMB227 million) is included in "Other revenue" in the consolidated statement of profit or loss and other comprehensive income (note 9).

37. PROVISIONS

The provisions represent the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	2023 RMB'000	2022 RMB'000
At 1 January	59,733	64,242
Additions	87,409	2,664
Settlement	–	(7,173)
At 31 December	147,142	59,733

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2023 RMB'000	2022 RMB'000
Final dividend proposed after the end of reporting period of RMB0.15 per share (2022: RMB0.20 per share)	1,534,134	2,045,512

Pursuant to a resolution passed at the directors' meeting held on 27 March 2024, a final dividend of RMB0.15 per share (2022: RMB0.20) is proposed to be payable to shareholders for 2023, subject to the approval of the shareholders at the coming annual general meeting.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.20 per share (2022: RMB0.25 per share)	2,045,512	2,467,465

(b) Share capital

Movement of the Company's registered, issued and fully paid up capital is tabled below.

	Number of shares		Nominal value	
	2023 '000	2022 '000	2023 RMB'000	2022 RMB'000
<i>A shares of RMB1 each</i>				
At beginning of year	8,152,624	8,152,624	8,152,624	8,152,624
Issues of shares	357,703	–	357,703	–
At end of year	8,510,327	8,152,624	8,510,327	8,152,624
<i>H shares of RMB1 each</i>				
At beginning and end of year	1,717,234	1,717,234	1,717,234	1,717,234
Total of A and H shares:				
At end of year	10,227,561	9,869,858	10,227,561	9,869,858
At beginning of year	9,869,858	9,869,858	9,869,858	9,869,858

During the year ended 31 December 2023, ordinary shares of 357,702,918 are issued due to the conversion of convertible bonds. All A shares and H shares rank pari passu in all material aspects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS (*Continued*)

(c) Reserves

(i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of associates' capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

(ii) Statutory surplus reserve

General reserve

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

Specific reserve

Pursuant to the relevant PRC regulations for power generation companies and coal mining companies, the Group is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the power plants and mines, and are not available for distribution to shareholders.

(iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Huadian Weifang Power Company Limited ("**Weifang Company**") relating to the previously held interest of the Group.

(iv) Fair value reserve

The fair value reserve comprises the Group's share of the cumulative net change in other comprehensive income of associates at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(j).

(v) Convertible bonds reserve

	Equity component of CBs RMB'000
As at 1 January 2022, 31 December 2022 and 1 January 2023	41,250
Derecognised due to conversion of CBs	(41,250)
As at 31 December 2023	–

The convertible bonds reserve represents the equity component (conversion rights) of convertible bonds issued by the Company as set out in note 32.

(d) Distributability of reserve

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Perpetual capital securities

During the year ended 31 December 2023, the Company issued the follows tranches of public perpetual capital securities.

For the year ended 31 December 2023

Type of securities	Issuance date	Category	Issue price RMB'000	Number	Par value RMB'000
1st tranche of medium-term note for the year of 2023	January 2023	Equity Instrument	0.1	20,000,000	2,000,000
2nd tranche of medium-term note for the year of 2023	February 2023	Equity Instrument	0.1	25,000,000	2,500,000
3rd tranche of medium-term note for the year of 2023	March 2023	Equity Instrument	0.1	25,000,000	2,500,000
4th tranche of medium-term note for the year of 2023	April 2023	Equity Instrument	0.1	15,000,000	1,500,000
5th tranche of medium-term note for the year of 2023	May 2023	Equity Instrument	0.1	20,000,000	2,000,000
6th tranche of medium-term note for the year of 2023	June 2023	Equity Instrument	0.1	10,000,000	1,000,000
7thA tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	15,000,000	1,500,000
7thB tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
8thA tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
8thB tranche of medium-term note for the year of 2023	July 2023	Equity Instrument	0.1	10,000,000	1,000,000
9th tranche of medium-term note for the year of 2023	August 2023	Equity Instrument	0.1	15,000,000	1,500,000
10th tranche of medium-term note for the year of 2023	September 2023	Equity Instrument	0.1	20,000,000	2,000,000
					19,500,000

During the year ended 31 December 2022, the Company issued the follows tranches of perpetual capital securities.

For the year ended 31 December 2022

Type of securities	Issuance date	Category	Issue price RMB'000	Number	Par value RMB'000
1st tranche of renewable company debentures for the year of 2022	April 2022	Equity Instrument	0.1	25,000,000	2,500,000
2nd tranche of renewable company debentures for the year of 2022	July 2022	Equity Instrument	0.1	15,000,000	1,500,000
3rd tranche of renewable company debentures for the year of 2022	November 2022	Equity Instrument	0.1	20,000,000	2,000,000
4th tranche of renewable company debentures for the year of 2022	December 2022	Equity Instrument	0.1	15,000,000	1,500,000
					7,500,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Perpetual capital securities (Continued)

The perpetual capital securities are issued at par value with a range of initial distribution rate from 2.49% to 4.60% (2022: 2.49% to 5.2%). The interests of perpetual capital securities are recorded as distributions, which are payable annually after the approval of the directors of the Company and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred.

The perpetual capital securities have no fixed maturity date and are redeemable at the Company's discretion in whole in accordance with their terms. The Company is entitled to redeem the perpetual capital securities at par value plus payable interest (including all deferred interest) on the 2, 3 or 5 years and each of the subsequent interest payment dates of the perpetual bonds.

The applicable distribution rate will be reset on first call date and each renewal period after first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any distribution for the perpetual capital securities. Therefore, the perpetual capital securities are classified as equity instrument and recorded in equity in the consolidated statement of financial position. As at 31 December 2023, the profit attributable to holders of perpetual capital securities, based on the applicable distribution rate, was approximately RMB156 million (2022: RMB156 million).

The above financial instruments do not have a definite maturity period, and will exist until the right of redemption is exercised. The Company has the rights to deferred payment of principal and deferred payment of interest.

Movement of the perpetual capital securities is as follows:

	Principal <i>RMB'000</i>	Distribution <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2022	22,310,315	163,034	22,473,349
Issue of perpetual capital securities	7,494,189	–	7,494,189
Profit attributable to holders of perpetual capital securities (note 16(a))	–	900,875	900,875
Distributions payable to holders of perpetual capital securities	–	(907,697)	(907,697)
Redemption of perpetual capital securities	(6,454,503)	–	(6,454,503)
As at 31 December 2022 and 1 January 2023	23,350,001	156,212	23,506,213
Issue of perpetual capital securities	19,500,000	–	19,500,000
Profit attributable to holders of perpetual capital securities (note 16(a))	–	1,007,474	1,007,474
Distributions payable to holders of perpetual capital securities	–	(1,007,678)	(1,007,678)
Redemption of perpetual capital securities	(12,350,000)	–	(12,350,000)
As at 31 December 2023	30,500,001	156,008	30,656,009

(f) Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

38. SHARE CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratios as at 31 December 2023 and 2022 were as follows:

	2023 RMB'000	2022 RMB'000 <i>(Restated)</i>
Total liabilities	140,574,223	153,794,092
Total assets	226,476,498	226,800,532
Liabilities to assets ratio	62%	68%

39. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited	Immediate parent and ultimate holding company of the Company
China Huadian Finance	An associate of the Group
Huadian Coal	An associate of the Group
Huadian Property Company Limited	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited	A subsidiary of an associate of the Group
Fucheng Mining Company	An associate of the Group
Hebei Nuclear Power	An associate of the Group
Changcheng No.3 Mining	An associate of the Group
Changcheng No.5 Mining	An associate of the Group
Changcheng Mine	An associate of the Group
Jinsha River Hydropower Company	An associate of the Group
Huadian New Energy	An associate of the Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Xinjiang Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Clean Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shaanxi Energy Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

Name of related parties	Nature of relationship
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Inner Mongolia Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Anhui Huadian Lu'an Power Generation Company Limited	A fellow subsidiary of the Company
China Huadian Advanced Training Centre	A fellow subsidiary of the Company
Fujian Huadian Furui Energy Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian HongKong Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Electric Power Research Institute Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Liaoning Energy Company Limited	A fellow subsidiary of the Company
Huadian Tibet Energy Company Limited	A fellow subsidiary of the Company
Hangzhou Huadian Zhakou Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Carbon Assets Operation Company Limited	A fellow subsidiary of the Company
Huadian Yunnan Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Commercial Factoring (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Hunan Huadian Xiangtan New Energy Company Limited	A fellow subsidiary of the Company
China Huadian Group Xiongan Energy Company Limited	A fellow subsidiary of the Company
Yankuang Energy Group Company Limited (" Yankuang Energy ") (note (i))	A connected person of the Group
Shaanxi Coal Transportation and Marketing (Group) Company Limited (" Shaanxi Coal Transportation and Marketing ") (note (ii))	A connected person of the Group
Shaanxi Coal and Chemical Industry Group Company Limited (" Shaanxi Coal and Chemical ") (note (ii))	A connected person of the Group

Notes:

- (i) Yankuang Energy is a substantial minority shareholder of a non-wholly owned subsidiary of the Company.
- (ii) Shaanxi Coal Transportation and Marketing is a company of a substantial minority shareholder of a non-wholly owned subsidiary of the Company and Shaanxi Coal and Chemical is a fellow subsidiary of Shaanxi Coal Transportation and Marketing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS (*Continued*)

(a) Transactions with shareholders, fellow subsidiaries and associates (*Continued*)

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022:

	2023 RMB'000	2022 RMB'000
<i>Sale of electricity to</i> Fellow subsidiaries	9,797	–
<i>Purchase of electricity from</i> A fellow subsidiary	141,095	99,795
<i>Sales of coal to</i> Associates Fellow subsidiaries	662,051 9,921,955	77,563 1,245,642
<i>Purchase of coal from</i> China Huadian An associate Fellow subsidiaries Connected persons	9,830,342 2,115,854 1,157,991 3,837,098	– 8,609,076 1,402,226 3,916,847
<i>Purchase of natural gas from</i> A fellow subsidiary	1,456	179,706
<i>Purchase of construction service and equipment from</i> China Huadian Associates Fellow subsidiaries	481 3,175 1,388,176	962 – 2,569,979
<i>Sales of equipment to</i> An associate Fellow subsidiaries	2,808 23,277	103,507 625
<i>Other services income from</i> China Huadian An associate Fellow subsidiaries	– 1,871 112,346	66,020 30,184 26,617
<i>Loan provided to</i> An associate	96,412	73,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023 RMB'000	2022 RMB'000
<i>Income from the transfer of energy storage capacity indicators collected by</i>		
Fellow subsidiaries	25,120	–
<i>Loans repayment from</i>		
An associate	96,412	73,408
<i>Loans proceeds obtained from</i>		
China Huadian	1,383,910	3,416,460
An associate	30,389,159	26,374,500
Fellow subsidiary	4,467,021	4,350,125
<i>Loans repaid to</i>		
China Huadian	1,380,000	4,230,000
An associate	32,472,354	24,408,000
A fellow subsidiary	2,775,604	280,232
<i>Bills receivable discounted to</i>		
An associate	885,556	2,293,413
<i>Derecognised bills receivable collected by</i>		
An associate	1,914,384	2,229,585
<i>Lease payment under sales and leaseback arrangement to</i>		
A fellow subsidiary	–	76,841
<i>Interest paid to</i>		
China Huadian	204,487	208,425
An associate	280,818	341,475
A fellow subsidiary	48,745	29,562
<i>Interest received from</i>		
Associates	70,355	85,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023 RMB'000	2022 RMB'000
<i>Rental and property management service expenses paid to</i>		
Associates	64,866	69,398
Fellow subsidiaries	21,366	18,826
<i>Rental and property management service income from</i>		
An associate	809	3,113
Fellow subsidiaries	2,732	5,543
<i>Guarantee service expenses paid to</i>		
China Huadian	–	3
<i>Other service expenses paid to</i>		
China Huadian	75,813	78,498
Associates	–	26,756
Fellow subsidiaries	530,332	491,024
<i>Additional capital injection in</i>		
Associates	740,104	83,603
<i>Construction in progress-construction and construction material prepayments</i>		
Fellow subsidiaries	45,326	163,525
<i>Trade debtors and bills receivables</i>		
China Huadian	–	59,381
Associates	3,451	251,377
Fellow subsidiaries	559,457	239,059
<i>Deposits, other receivables and prepayments</i>		
China Huadian	340,553	575,445
Associates	99,094	257,048
Fellow subsidiaries	73,772	117,848
A connected person	112,663	63,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with shareholders, fellow subsidiaries and associates *(Continued)*

The Group had the following material transactions with related parties during the years ended 31 December 2023 and 2022: *(Continued)*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Other long-term receivables</i>		
An associate (note 24)	155,045	231,354
<i>Cash and cash equivalents and restricted deposits</i>		
An associate	5,383,662	6,245,772
<i>Loans from a shareholder</i>		
China Huadian	(5,757,466)	(5,753,620)
<i>Other loans</i>		
An associate	(9,512,855)	(11,598,911)
A fellow subsidiary	(1,381,532)	(1,088,346)
<i>Trade creditors and bills payable</i>		
China Huadian	(332)	(7,487)
Associates	(8,199)	(499,294)
Fellow subsidiaries	(1,924,722)	(2,000,341)
A connected person	(106,251)	(165,663)
<i>Other payables</i>		
China Huadian	(5,741)	(3,892)
An associate	(940)	(431)
Fellow subsidiaries	(117,084)	(289,385)
<i>Contract liabilities</i>		
An associate	(21,275)	–
Fellow subsidiaries	(85,573)	(67,459)

(b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 12 and certain highest paid employees as disclosed in note 13, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries and other emoluments	2,487	3,044
Retirement benefits	545	419
Bonuses	3,389	3,075
	6,421	6,538

Total remuneration is included in "personnel costs" (see note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 31 December 2023 and 2022, there was no material outstanding contribution to post-employment benefit plans.

(d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("**other government-related entities**"). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

- sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2023, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 99% of its sale of electricity.

- depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- other transactions

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

(e) Commitment with related parties

	2023 RMB'000	2022 RMB'000
Capital commitment	200,797	732,192
Commitment on properties rental and management fees	119,003	7,559

40. RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2022: 15% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group participates in a retirement plan managed by China Huadian to supplement the abovementioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group's contribution to these plans amounted to approximately RMB2,088 million during the year (2022: RMB1,941 million) which was charged to the consolidated statement of profit or loss and other comprehensive income (note 6).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

41. COMMITMENTS

Capital commitments

The Group had capital commitments at 31 December as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contracted for but not provided in the financial statements		
– Development of power plants	4,369,950	5,583,830
– Improvement projects and others	594,100	407,503
	4,964,050	5,991,333

42. CONTINGENT LIABILITIES

As at 31 December 2023, certain subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of reporting period, the lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

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

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial assets		
At amortised cost		
– Other non-current assets	155,045	231,354
– Trade debtors and bills receivables	12,326,729	12,002,063
– Other receivables	1,562,066	1,255,624
– Restricted deposits	284,880	374,824
– Cash and cash equivalents	5,170,277	5,907,615
At FVOCI		
– Trade debtors and bills receivables	364,825	748,736
At FVPL		
– Financial assets at FVPL	351,434	370,055
	20,215,256	20,890,271
Financial liabilities		
At amortised cost	135,288,318	148,622,177

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Interest rate risk

The interest rates and terms of repayment of the outstanding interest-bearing liabilities of the Group are disclosed in notes 18(b), 31 and 32. As at 31 December 2023, fixed rate borrowings comprise 33% of total borrowings of the Group (2022: 53%).

Sensitivity analysis

As at 31 December 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's profit after tax and decreased the Group's total equity by approximately RMB481 million (2022: increased the Group's loss after tax and decreased the Group's total equity by approximately RMB450 million).

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit (loss) after tax (and equity) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for prior year.

(b) Credit risk

The Group's credit risk is primarily attributable to trade debtors, bills receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivables, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 27% and 57% (2022: 31% and 63%) of the total trade debtors and bills receivables were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade debtors and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases, which are based on days past due for groupings of various customer segments that have similar loss patterns. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Over 60% of trade debtors with past due more than 3 years are related to the local government-related power grid companies. After considering the historical loss patterns, the management considers that the impairment loss provided is adequate. No further impairment for trade debtors and bills receivables is provided as the amount of additional impairment measured under the ECLs model is immaterial.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Credit risk *(Continued)*

In respect of other receivables, the Group adopts individual credit evaluations continuously assessing the credit risk and financial condition of different customers. Movement in the loss allowance account in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the year is as follows:

Loss allowance	2023			Total RMB'000
	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit-impaired (Stage 3) RMB'000	
	At 1 January	–	–	
Impairment loss recognised	–	–	3,858	3,858
Reversal of impairment loss	–	–	(219,815)	(219,815)
Write-off	–	–	(3,474)	(3,474)
At 31 December	–	–	262,998	262,998

Loss allowance	2022			Total RMB'000
	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit-impaired (Stage 3) RMB'000	
	At 1 January	–	–	
Impairment loss recognised	–	–	4,244	4,244
Reversal of impairment loss	–	–	(716)	(716)
Write-off	–	–	(24,967)	(24,967)
At 31 December	–	–	482,429	482,429

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivables are set out in note 27.

(c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

At the end of the reporting period, the Group had net current liabilities of approximately RMB34,615 million (2022: RMB33,861 million). With regards to its future capital commitments and other financing requirements, the Group has unutilised banking facilities of approximately RMB157.6 billion (2022: RMB167.9 billion) and an aggregate amount of debentures and bonds of approximately RMB17.4 billion (2022: RMB31.4 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2023						2022					
	Contractual undiscounted cash outflow					Carrying amount	Contractual undiscounted cash outflow					Carrying amount
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Within 1 year or on demand		More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	28,659,973	15,038,088	22,811,566	18,839,080	85,348,707	76,467,833	31,057,932	14,282,897	22,599,120	21,438,132	89,378,081	78,389,519
Loans from shareholders	925,516	1,166,631	3,470,531	845,258	6,407,936	5,757,724	1,517,140	324,592	3,783,919	885,067	6,510,718	5,753,879
State loans	2,243	2,228	6,600	43,803	54,874	47,517	2,131	2,118	6,274	43,704	54,227	46,661
Other loans	4,708,768	2,096,322	2,911,377	2,732,538	12,449,005	11,259,003	7,796,277	1,984,248	2,656,966	1,935,567	14,373,058	13,197,797
Trade creditors and bills payable	11,282,248	-	-	-	11,282,248	11,282,248	16,606,208	-	-	-	16,606,208	16,606,208
Amount due to the parent company	13,269	-	-	-	13,269	13,269	11,245	-	-	-	11,245	11,245
Lease liabilities	27,567	18,828	16,137	22,890	85,422	71,256	226,260	23,538	34,099	15,053	298,950	279,894
Other payables	1,994,175	-	-	-	1,994,175	1,994,175	2,358,777	-	-	-	2,358,777	2,358,777
Long-term debentures payable	14,754,304	7,138,413	2,891,827	-	24,784,544	23,990,662	2,802,790	14,552,190	10,229,420	-	27,584,400	26,015,059
Convertible bonds - liability components	-	-	-	-	-	-	44,105	1,573,070	-	-	1,617,175	1,461,245
Retirement benefit obligations	145	458	2,932	6,402	9,937	8,240	201	451	3,091	6,195	9,938	9,929
	62,368,208	25,460,968	32,110,970	22,489,971	142,430,117	130,891,927	62,423,066	32,743,104	39,312,889	24,323,718	158,802,777	144,130,213

(d) Currency risk

(i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from cash and cash equivalents denominated in United States dollar ("US\$") and borrowings which are denominated in Euro. Depreciation or appreciation of US\$ and Euro against RMB would affect the financial position and operating results of the Group.

(ii) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2023		2022	
	US\$ RMB'000	Euro RMB'000	US\$ RMB'000	Euro RMB'000
Cash and cash equivalents	25	-	25	-
State loans	-	(47,517)	-	(46,661)
Net exposure	25	(47,517)	25	(46,661)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023			2022		
	Decrease in foreign exchange rate %	Effect on results after tax RMB'000	Effect on consolidated equity RMB'000	Decrease in foreign exchange rate %	Effect on results after tax RMB'000	Effect on consolidated equity RMB'000
US\$	(10)	(2)	(2)	(10)	(2)	(2)
Euro	(10)	3,563	3,563	(10)	3,500	3,500

Note: Positive figures in the above table represent an increase in profit after tax/decrease in loss after tax and an increase in consolidated equity while negative figures represent corresponding opposite effects.

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2022.

(e) Fair values

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000		
Bills receivable measured at FVOCI (included in trade debtors and bills receivables)	364,825	748,736	Level 2	Future cash flows are estimated based on discount rate observed in the available market.
Financial assets at FVPL unlisted equity securities	351,434	370,055	Level 3	The fair value is measured by applying income approach and after considering the expected distributable profits of the investment discounted by a range of discount rate from 8.70% to 10.60% (2022: from 9.40% to 13.51%). The higher the discount rate, the lower of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Fair values *(Continued)*

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis *(Continued)*

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2023 RMB'000	2022 RMB'000
Financial assets at FVPL:	351,434	370,055
At 1 January	370,055	330,064
Addition	–	42,609
Disposal	–	(12,940)
(Loss) gain on fair value	(18,621)	10,322
At 31 December	351,434	370,055

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

(ii) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	2023		2022	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Fixed rate borrowings and debentures payable	38,336,928	38,297,492	40,054,605	39,578,638

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

44. IMMEDIATE PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its immediate parent and ultimate holding company to be China Huadian, which is a state-owned enterprise established in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES

(a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2023, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,516,090	100.00	-	Generation and sale of electricity
Huadian Zouxian Power Generation Company Limited ("Zouxian Company") 華電鄒縣發電有限公司	3,000,000	69.00	-	Generation and sale of electricity
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	633,733 (2022: 600,800)	79.11 (2022: 75.00)	-	Generation and sale of electricity and heat
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	568,000	90.00	-	Generation and sale of electricity and heat
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	921,500	95.00	-	Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited ("Laizhou Power Generation") 華電萊州發電有限公司	2,632,803	75.00	-	Generation and sale of electricity
Huadian Weifang Power Company Limited ("Weifang Company") 華電濰坊發電有限公司	930,222	64.29	-	Generation and sale of electricity and heat
Sichuan Huadian Power Investment Company Limited 四川華電電力投資有限公司	1,377,606	100.00	-	Electricity and power equipment production
Tianjin Huadian Fuyuan Thermal Power Company Limited ("Fuyuan Thermal") 天津華電福源熱電有限公司	407,004	100.00	-	Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	259,338	56.00	-	Generation and sale of electricity and heat
Huadian Zhejiang Longyou Thermal Company Limited 華電浙江龍遊熱電有限公司	292,500	100.00	-	Generation and sale of electricity and heat
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	600,000	70.00	-	Generation and sale of electricity and heat
Huadian Group Beijing Fuel Logistics Company Limited 華電集團北京燃料物流有限公司	400,000	91.00	-	Coal wholesale business
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited ("Hebei Yuhua") 河北華電石家莊裕華熱電有限公司	1,026,020	- (2022: 60.00) (note(ii))	20.80 (2022: 40.00) (note(ii))	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	800,550 (2022: 500,550) (note(iv))	90.00	-	Generation and sale of electricity and heat
Sichuan Guang'an Power General Company Limited 四川廣安發電有限責任公司	1,826,135	80.00	-	Generation and sale of electricity
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	853,386	97.93 (2022: 98.72)	-	Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited ("Anhui Suzhou") 安徽華電宿州發電有限公司	854,914 (2022: 1,479,118) (note(iii))	97.00 (2022: 98.27)	-	Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,658,733	65.00	-	Generation and sale of electricity and heat
Hangzhou Huadian Banshan Power Generation Company Limited 杭州華電半山發電有限公司	1,706,610	64.00	-	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	1,132,530	82.00	-	Generation and sale of electricity and heat

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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45. SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Huadian Hubei Power Generation Company Limited ("Hubei Power Generation") 華電湖北發電有限公司	4,685,158	82.56	-	Generation and sale of electricity and heat
Guangdong Huadian Pingshi Power Generation Company Limited 廣東華電坪石發電有限公司	1,910,490 (2022:1,410,490) (note (iv))	100.00	-	Generation and sale of electricity
Huadian Qingdao Thermal Power Company Limited 華電青島熱力有限公司	30,000	55.00	-	Generation and sale of electricity and heat
Huadian Zibo Thermal Power Company Limited 華電濰博熱電有限公司	1,173,850 (2022:773,850) (note (iv))	100.00	-	Generation and sale of electricity and heat
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	758,114	87.50	-	Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	884,151 (2022:514,205) (note (iv))	93.26	-	Generation and sale of electricity
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	200,000 (2022:980,563) (note (iv))	64.00	-	Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100.00	-	Sale of electricity and investment on power resources
Huadian Longkou Power Generation Plant Company Limited 華電龍口發電有限公司	1,610,000 (2022:471,433) (note (iv))	100.00	-	Generation and sale of electricity and heat
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	553,370	100.00	-	Sale of heat
Hebei Huadian Hybrid Storage Hydropower Company Limited 河北華電混合蓄能水電有限公司	88,500	100.00	-	Generation and sale of electricity
Huadian Zoucheng Thermal Power Company Limited 華電鄒城熱力有限公司	80,000	70.00	-	Generation and sale of electricity and heat
Guangdong Huadian Shaoguan Thermal Power Company Limited 廣東華電韶關熱電有限公司	1,515,019 (2022:815,019) (note (iv))	100.00	-	Sales of coal mine machinery equipment and accessories
Tianjin Huadian Nanjiang Thermal Power Company Limited 天津華電南疆熱電有限公司	660,000 (2022:560,253) (note (iv))	65.00	-	Generation and sale of electricity and heat
Qingdao Huatuo Technology Company Limited 青島華拓科技有限公司	100,000	100.00	-	Design and development
Guangdong Huadian Huizhou Energy Company Limited 廣東華電惠州能源有限公司	486,000 (2022:186,000) (note (iv))	100.00	-	Generation and sale of electricity and heat
Hunan Huadian Changde Power Generation Company Limited ("Changde Company") 湖南華電常德發電有限公司	990,944	48.98 (Note(i))	-	Generation and sale of electricity and heat
Hunan Huadian Changsha Power Generation Company Limited 湖南華電長沙發電有限公司	928,571	70.00	-	Generation and sale of electricity and heat
Hunan Huadian Pingjiang Power Generation Company Limited 湖南華電平江發電有限公司	2,159,950 (2022:1,959,950) (note (iv))	100.00	-	Generation and sale of electricity and heat
Guangdong Huadian Qingyuan Energy Company Limited 廣東華電清遠能源有限公司	1,000,000 (2022:419,731) (note (iv))	100.00	-	Generation and sale of electricity and heat

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45. SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Shantou Huadian Power Generation Co. Ltd. 汕頭華電發電有限公司	1,152,624	51.00	-	Generation and sale electricity and heat
Huadian Laizhou Port Co. Ltd 華電萊州港務有限公司	215,130	65.00	-	Construction and operation of pier project
Huadian Foshan Energy Co., Ltd 華電佛山能源有限公司	811,766	90.00	-	Generation and sale electricity and heat
Ningxia Huadian Yongli Power Co., Ltd. 寧夏華電永利發電有限公司	137,028	100.00	-	Generation and sale electricity and heat
Huadian Guangdong Energy Sales Co., Ltd 華電廣東能源銷售有限公司	220,000	100.00	-	Consultancy and management of power project and project engineering services
Huadian Anhui Energy Sales Co., Ltd. 華電安徽能源銷售有限公司	210,000	100.00	-	Sale of electricity and heat
Huadian Henan Energy Sales Co., Ltd 華電河南能源銷售有限公司	210,000	100.00	-	Sale of electricity and heat
Huadian Ningxia Energy Sales Co., Ltd. 華電寧夏能源銷售有限公司	210,000	100.00	-	Generation and sale of electricity and heat
Huadian Shangdong Energy Sales Co., Ltd 華電山東能源銷售有限公司	210,000	100.00	-	Sale of electricity of heat
Huadian Chongqing Jiangjin Energy Co., Ltd 華電重慶市江津區能源有限公司	64,000	100.00	-	Generation and sale of electricity and heat
Huadian Dongying Energy Co., Ltd. 華電東營能源有限公司	120,000	68.82	-	Generation and sale of electricity and heat
Huadian Zhangqiu Thermal Power Company Limited 華電章丘熱電有限公司	696,000	70.00	-	Generation and sale of electricity and heat
Huadian Qingdao Power Generation Co., Ltd. 華電青島發電有限公司	1,256,867	55.00	-	Generation and sale of electricity and heat
Xingwang Coal Mine, Dalad Qi Wenwei Coal Co., Ltd 內蒙古華通瑞盛能源有限公司	230,000	90.00	-	Production and sale of coal
Huadian International Shandong Project Management Co., Ltd. 華電國際專案管理有限公司	50,000	100.00	-	Consultancy and management of power supply
Huadian Shandong Material Company Limited 華電山東物資有限公司	50,000	100.00	-	Sales of supplies and materials
Anhui Wenhui New Product Promotion Co., Ltd. 安徽文匯新產品推廣有限公司	50,000	51.00	-	Production and sale of coal
Anhui Hualin International Energy Co., Ltd. 安徽華麟國際能源有限公司	50,000	51.00	-	Production and sale of coal
Chongqing Mingyang Coal Sales Co., Ltd. 重慶明陽煤炭銷售有限公司	10,000	70.00	-	Production and sale of coal
Huadian Zhanjiang Power Generation Co., Ltd. 華電湛江發電有限公司	305,692	65.00	-	Generation and sale of electricity and heat. machinery and equipment
Huadian (Zhejiang) Energy Sales Co., Ltd. 華電(浙江)能源銷售有限公司	20,000	100.00	-	Purchase and sale of electricity of business
Guangdong Huadian Shenzhen Energy Co., Ltd. 廣東華電深圳能源有限公司	460,000	100.00	-	Generation and sale of electricity
Huadian (Hunan) Energy Sales Co., Ltd. 華電(湖南)能源銷售有限公司	201,000	100.00	-	Purchase and sale of electricity business
Huadian Hebei Energy Sales Co., Ltd. 華電河北能源銷售有限公司	201,000	100.00	-	Purchase and sale of electricity business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES (Continued)

(a) General information of subsidiaries (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Huadian Hebei Ruixin Investment Partnership (Limited Partnership) ("Hebei Ruixin") 華電河北瑞新投資合夥企業(有限合夥)	2,676,400	19.97 (2022: N/A) (note(i and ii))	0.04 (2022: N/A) (note(i and ii))	Management of investment and assets
Huadian Jingyu Pumped Storage Co., Ltd. 華電靖宇抽水蓄能有限公司	100,000	90.00	-	Generation and sale of electricity business
Jiangxi Huadian Pumped Storage Co., Ltd. 江西華電抽水蓄能有限公司	110,000	100.00	-	Generation and sale of electricity business
Shaanxi Huadian Jinshuihe Pumped Storage Co., Ltd. 陝西華電金水河抽水蓄能有限公司	200,000	95.00	-	Generation and sale of electricity business
Zhejiang Huadian Wuxijiang Hybrid Pumped Storage Power Generation Co., Ltd. 浙江華電烏溪江混合抽水蓄能發電有限公司	468,512	76.00	-	Generation and sale of electricity business

Notes:

- In the opinion of the directors of the Company, the Group controls Changde Company and Hebei Ruixin by virtue of having the power to direct the relevant activities of the investee, and is exposed, or has rights to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns. Hebei Ruixin is newly set up during the year.
- During the year ended 31 December 2023, the Group entered into sales and purchases agreements with a non-wholly owned subsidiary of the Group, 華電河北瑞裕能源有限責任公司 to dispose of the entire equity interests of Hebei Yuhua to a non-wholly owned subsidiary of Group with the aggregate amounts of approximately RMB1,075 million. After the transaction, the Group indirectly owns 20.80% of equity interests over Hebei Yuhua but does not lose control over Hebei Yuhua and it is classified as equity transactions. As such, the difference between the fair value of consideration that the Group received and the increase in non-controlling interests has been recorded in the capital reserve of the Group.
- During the year ended 31 December 2023, Huadian Power reduced the investment in Anhui Suzhou and thus, ownership interest held the Group is reduced accordingly. No loss of control after the reduction of investment.
- During the year ended 31 December 2023, the shareholders injected capital in those companies. No change of shareholdings held by the Group after the injections.
- The English translation of the names is for the identification only. The official names of these entities are in Chinese.

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership Interests and voting rights held by Non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023	2022	2023	2022
				RMB'000	RMB'000	RMB'000	RMB'000
Guangan Power Company	The PRC	20%	20%	37,495	(33,539)	703,416	664,091
Zouxian Company	The PRC	31%	31%	110,656	54,479	1,132,484	1,018,231
Hubei Power Generation	The PRC	17.44%	17.44%	(29,190)	(81,278)	843,589	873,285
Laizhou Power Generation	The PRC	25%	25%	140,423	169,047	964,710	948,783
Individually immaterial subsidiaries with non-controlling interests						10,619,417	8,093,203
						14,263,616	11,597,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

(i) Guangan Power Company and its subsidiaries

	2023 RMB'000	2022 RMB'000
Current assets	1,585,566	1,484,998
Non-current assets	3,661,923	3,934,998
Current liabilities	(1,141,597)	(1,569,512)
Non-current liabilities	(588,888)	(530,104)
Total equity	3,517,004	3,320,380
	2023 RMB'000	2022 RMB'000
Revenue	5,849,100	4,829,651
Expenses	(5,630,943)	(5,092,255)
Profit (loss) for the year	174,917	(169,800)
Net cash inflow from operating activities	95,381	599,764
Net cash outflow from investing activities	(91,035)	(114,336)
Net cash outflow from financing activities	(315,038)	(51,870)
Net cash (outflow) inflow	(310,692)	433,558

(ii) Zouxian Company

	2023 RMB'000	2022 RMB'000
Current assets	1,076,767	1,104,962
Non-current assets	3,679,603	3,940,352
Current liabilities	(624,678)	(1,504,739)
Non-current liabilities	(478,518)	(255,960)
Total equity	3,653,174	3,284,615
	2023 RMB'000	2022 RMB'000
Revenue	4,091,131	4,236,587
Expenses	(3,530,631)	(4,060,849)
Profit for the year	368,560	175,738
Net cash inflow from operating activities	1,160,127	32,683
Net cash outflow from investing activities	(218,118)	(147,632)
Net cash (outflow) inflow from financing activities	(698,507)	110,698
Net cash inflow (outflow)	243,502	(4,251)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

45. SUBSIDIARIES (Continued)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

(iii) Hubei Power Generation and its subsidiaries

	2023 RMB'000	2022 RMB'000
Current assets	2,731,187	3,835,727
Non-current assets	11,910,415	12,354,592
Current liabilities	(4,284,153)	(4,348,612)
Non-current liabilities	(4,274,265)	(5,464,574)
Total equity	6,083,184	6,377,133
Non-controlling interests of Hubei Power Generation	(1,245,342)	(1,368,987)
	2023 RMB'000	2022 RMB'000
Revenue	12,316,565	15,318,596
Expenses	(12,098,697)	(16,100,854)
Loss for the year	(354,416)	(782,258)
Non-controlling interests of Hubei Power Generation	(135,089)	(316,144)
Net cash inflow from operating activities	1,193,551	480,984
Net cash outflow from investing activities	(377,461)	(62,425)
Net cash outflow from financing activities	(1,168,262)	(566,000)
Net cash outflow	(352,172)	(147,441)

(iv) Laizhou Power Generation

	2023 RMB'000	2022 RMB'000
Current assets	1,051,601	1,213,314
Non-current assets	8,892,621	9,175,541
Current liabilities	(3,255,916)	(3,113,853)
Non-current liabilities	(2,829,480)	(3,479,880)
Total equity	3,858,826	3,795,122
	2023 RMB'000	2022 RMB'000
Revenue	6,852,471	7,800,099
Expenses	(5,682,773)	(7,123,912)
Profit for the year	557,042	676,187
Dividends paid to non-controlling interests	123,334	–
Net cash inflow from operating activities	1,386,194	1,547,402
Net cash outflow from investing activities	(129,065)	(185,487)
Net cash outflow from financing activities	(1,226,624)	(1,350,558)
Net cash inflow	30,505	11,357

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Debtenture <i>RMB'000</i>	Loans <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payables <i>RMB'000</i>	Convertible bonds <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	23,963,100	92,760,881	568,387	552,144	1,433,637	119,278,149
Financing cash flows	2,000,000	4,487,466	(304,902)	(3,643,840)	-	2,538,724
New leases	-	-	11,825	-	-	11,825
Other non-cash adjustments	-	156,444	4,584	-	-	161,028
Dividends of perpetual securities recognised as distribution	-	-	-	907,697	-	907,697
Dividends recognised as distribution	-	-	-	2,467,465	-	2,467,465
Dividends declared to non-controlling interests	-	-	-	76,811	-	76,811
Interest paid	(795,986)	(3,333,529)	(19,524)	-	(29,403)	(4,178,442)
Interest expense	847,945	3,316,594	19,524	-	57,011	4,241,074
At 31 December 2022 and 1 January 2023	26,015,059	97,387,856	279,894	360,277	1,461,245	125,504,331
Financing cash flows	(2,000,000)	(3,995,548)	(228,049)	(3,167,670)	-	(9,391,267)
New leases	-	-	17,891	-	-	17,891
Other non-cash adjustments	-	153,014	-	-	(22,420)	130,594
Dividends of perpetual securities recognised as distribution	-	-	-	1,007,677	-	1,007,677
Dividends recognised as distribution	-	-	-	2,045,512	-	2,045,512
Dividends declared to non-controlling interests	-	-	-	276,891	-	276,891
Interest paid	(802,790)	(2,952,766)	(7,305)	-	-	(3,762,861)
Interest expense	778,393	2,939,521	8,825	-	15,137	3,741,876
Conversion of convertible bonds	-	-	-	-	(1,453,962)	(1,453,962)
At 31 December 2023	23,990,662	93,532,077	71,256	522,687	-	118,116,682

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2023 RMB'000	2022 RMB'000 (Restated)
Non-current assets		
Property, plant and equipment	17,100,986	15,905,504
Right-of-use assets	788,107	840,591
Construction in progress	321,103	1,656,100
Investment properties	20,302	21,339
Intangible assets	78,209	30,762
Interests in subsidiaries	50,504,492	46,076,024
Interests in associates	42,230,571	39,537,832
Financial asset at fair value through profit or loss	107,072	107,072
Other non-current assets	290,628	363,871
	111,441,470	104,539,095
Current assets		
Inventories	677,521	620,911
Trade debtors and bills receivables	1,835,317	1,949,221
Amounts due from subsidiaries	15,792,898	15,328,225
Deposits, other receivables and prepayments	1,244,877	1,173,362
Cash and cash equivalents	364,719	1,092,910
	19,915,332	20,164,629
Current liabilities		
Bank loans	5,336,423	7,144,362
Loans from shareholders	22,240	2,500
Other loans	1,951,006	2,932,455
Long-term debentures payable – current portion	14,196,421	2,442,132
Amount due to the parent company	398	2,303
Amounts due to subsidiaries	555,339	1,505,189
Lease liabilities	4,785	77,979
Trade creditors and bills payable	1,230,497	1,247,043
Other payables	1,045,167	832,132
	24,342,276	16,186,095
Net current (liabilities) assets	(4,426,944)	3,978,534
Total assets less current liabilities	107,014,526	108,517,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i> <i>(Restated)</i>
Non-current liabilities		
Bank loans	16,290,841	12,764,916
Loans from shareholders	3,009,310	2,719,400
Other loans	1,832,250	1,303,500
Long-term debentures payable	9,794,241	23,572,927
Convertible bonds – liability component	–	1,461,245
Lease liabilities	8,838	6,205
Deferred government grants	24,219	27,748
Deferred income	53,747	58,809
Deferred tax liabilities	66,193	82,652
	31,079,639	41,997,402
Net assets	75,934,887	66,520,227
Capital and reserves		
Share capital	10,227,561	9,869,858
Perpetual capital securities	30,656,009	23,506,213
Reserves	35,051,317	33,144,156
Total equity	75,934,887	66,520,227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023 (Expressed in Renminbi)

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's total equity

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Retained profits RMB'000	Convertible bonds reserve RMB'000	Perpetual capital securities RMB'000	Total equity RMB'000
Balance at 1 January 2022	9,869,858	14,875,593	4,320,839	68,089	13,041,728	41,250	22,473,349	64,690,706
Effects on adoption of amendments to IAS 12	-	-	(3,663)	-	(32,966)	-	-	(36,629)
Balance as at 1 January 2022 (restated)	9,869,858	14,875,593	4,317,176	68,089	13,008,762	41,250	22,473,349	64,654,077
Profit for the year	-	-	-	-	3,325,405	-	900,875	4,226,280
Profit and total comprehensive income	-	-	-	-	3,325,405	-	900,875	4,226,280
Share of reserve of associates	-	20,843	-	-	-	-	-	20,843
Issue of perpetual capital securities	-	-	-	-	-	-	7,494,189	7,494,189
Dividends recognised as distribution	-	-	-	-	(2,467,465)	-	-	(2,467,465)
Redemption of perpetual capital securities	-	(45,497)	-	-	-	-	(6,454,503)	(6,500,000)
Appropriation of general reserve	-	-	332,541	-	(332,541)	-	-	-
Distributions payable to holders of perpetual capital securities	-	-	-	-	-	-	(907,697)	(907,697)
Balance at 31 December 2022 and 1 January 2023 (Restated)	9,869,858	14,850,939	4,649,717	68,089	13,534,161	41,250	23,506,213	66,520,227
Profit for the year	-	-	-	-	2,619,764	-	1,007,474	3,627,238
Profit and total comprehensive income	-	-	-	-	2,619,764	-	1,007,474	3,627,238
Conversion of convertible bonds	357,703	1,159,931	-	-	-	(41,250)	-	1,476,384
Share of reserve of associates	-	226,822	-	-	-	-	-	226,822
Issue of perpetual capital securities	-	(12,594)	-	-	-	-	19,500,000	19,487,406
Dividends recognised as distribution	-	-	-	-	(2,045,512)	-	-	(2,045,512)
Redemption of perpetual capital securities	-	-	-	-	-	-	(12,350,000)	(12,350,000)
Appropriation of general reserve	-	-	387,875	-	(387,875)	-	-	-
Distributions payable to holders of perpetual capital securities	-	-	-	-	-	-	(1,007,678)	(1,007,678)
Appropriation of specific reserve	-	-	186,174	-	(186,174)	-	-	-
Utilisation of specific reserve	-	-	(125,947)	-	125,947	-	-	-
Balance as at 31 December 2023	10,227,561	16,225,098	5,097,819	68,089	13,660,311	-	30,656,009	75,934,887

FIVE YEARS FINANCIAL SUMMARY

	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i> <i>(Restated)</i>	2023 <i>RMB'000</i>
Turnover	91,752,980	89,382,243	101,168,876	105,960,339	116,376,064
Profit/(loss) before taxation	5,361,142	6,891,833	(6,912,464)	(1,536,927)	5,842,708
Income tax (expense)/credit	(1,036,440)	(1,216,202)	1,774,724	631,394	(974,263)
Profit/(loss) for the year	4,324,702	5,675,631	(5,137,740)	(905,533)	4,868,445
Attributable to:					
Equity holders of the Company	3,385,324	4,166,756	(3,255,963)	(14,322)	4,601,094
Non-controlling interests	939,378	1,508,875	(1,881,777)	(891,211)	267,351
Profit/(loss) for the year	4,324,702	5,675,631	(5,137,740)	(905,533)	4,868,445
Total non-current assets	205,564,187	211,834,333	192,870,366	197,570,137	197,894,782
Total current assets	26,600,168	24,856,602	29,593,821	29,230,395	28,581,716
Total assets	232,164,355	236,690,935	222,464,187	226,800,532	226,476,498
Total current liabilities	(67,329,784)	(59,145,559)	(65,662,934)	(63,091,810)	(63,196,667)
Total non-current liabilities	(84,226,928)	(83,152,267)	(80,454,539)	(90,702,282)	(77,377,556)
Net assets	80,607,643	94,393,109	76,346,714	73,006,440	85,902,275
Equity holders of the Company	62,601,738	73,145,361	63,794,436	61,408,847	71,638,659
Non-controlling interests	18,005,905	21,247,748	12,552,278	11,597,593	14,263,616
Total equity	80,607,643	94,393,109	76,346,714	73,006,440	85,902,275

SUPPLEMENTAL INFORMATION

DIFFERENCE ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

Effects of major differences between the CAS and IFRSs on net profit/(loss) and net assets attributable to equity holders of the Company are analysed as follows:

Item	Notes	Net profit attributable to equity shareholders of the Company		Net asset attributable to equity shareholders of the Company	
		2023 RMB'000	2022 RMB'000 (Restated)	2023 RMB'000	2022 RMB'000 (Restated)
Amounts under CAS		4,522,125	116,280	69,756,242	59,492,252
Adjustments:					
Business combination involving entities under common control	1	(111,485)	(500,950)	3,428,577	3,540,062
Government grants	2	47,392	34,682	(377,911)	(392,741)
Maintenance and production safety funds	3	96,662	79,144	11,622	–
Taxation impact of the adjustments		27,871	103,129	(539,791)	(567,662)
Attributable to minority interest		18,529	153,393	(640,080)	(663,064)
Amounts under IFRSs		4,601,094	(14,322)	71,638,659	61,408,847

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.



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