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華電國際電力股份有限公司

**Huadian Power International Corporation Limited\***

*(A Sino-foreign investment joint stock company limited by shares incorporated in the People's Republic of China (the "PRC"))*

**(Stock code: 1071)**

## **2022 INTERIM RESULTS ANNOUNCEMENT**

The board of directors (the "**Board**") of Huadian Power International Corporation Limited\* (the "**Company**") hereby announces the summary of the unaudited interim consolidated financial results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022 (the "**Period**") prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting".

### **FINANCIAL AND BUSINESS SUMMARIES**

- Power generation amounted to approximately 99.89 million MWh, representing a decrease of approximately 4.82% over the corresponding period in 2021;
- Turnover amounted to approximately RMB48,945 million, representing a decrease of approximately 7.21% over the corresponding period in 2021 (restated);
- Profit for the Period attributable to equity holders of the Company amounted to approximately RMB1,580 million, representing a decrease of approximately RMB1,698 million over the corresponding period in 2021 (restated); and
- Basic earnings per share were approximately RMB0.114.

The Board of the Company hereby announces the unaudited operating results for the Period and the comparison between such results and the relevant operating results of the corresponding period in 2021. During the Period, the turnover of the Group amounted to approximately RMB48,945 million, representing a decrease of approximately 7.21% over the corresponding period in 2021 (restated); the profit for the Period attributable to equity holders of the Company amounted to approximately RMB1,580 million; the basic earnings per share were approximately RMB0.114.

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

The Group's interim financial statements for the Period are unaudited, but they have been reviewed by Baker Tilly Hong Kong Limited, the auditor of the Company, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report addressed by Baker Tilly Hong Kong Limited to the Board of the Company will be included in the interim report to be despatched to the Company's shareholders in due course. The audit committee of the Company (the "Audit Committee") has also reviewed the 2022 interim results and the relevant financial information of the Group.

## MAJOR ASSETS

The Group is one of the largest comprehensive energy companies in the People's Republic of China ("China" or the "PRC"), primarily engaged in the construction and operation of power plants, including large-scale efficient coal-fired and gas-fired generating units and various hydropower projects. The Group's power generating assets are located in 12 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centers or regions with abundant coal resources. As at the date of this announcement, the Group had a total of 42 controlled power plants which have commenced operations involving a total of 53,413.04 MW controlled installed capacity, primarily including approximately 42,360 MW attributable to coal-fired generating units, approximately 8,589.05 MW attributable to gas-fired generating units and approximately 2,459 MW attributable to hydropower generating units, of which approximately 20.69% was from clean energy sources, such as gas-fired and hydropower.

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

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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	1 Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
	2 Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
	3 Laicheng Plant	1,200	100%	4 x 300 MW
	4 Shuozhou Thermal Power Branch Company	700	100%	2 x 350 MW
	5 Fengjie Plant	1,200	100%	2 x 600 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	6 Huadian Zouxian Power Generation Company Limited ("Zouxian Company")	2,000	69%	2 x 1,000 MW
	7 Huadian Laizhou Power Generation Company Limited ("Laizhou Company")	4,000	75%	4 x 1,000 MW
	8 Huadian Weifang Power Generation Company Limited ("Weifang Company")	2,000	64.29%	2 x 670 MW + 2 x 330 MW
	9 Huadian Qingdao Power Generation Company Limited ("Qingdao Company")	1,220	55%	1 x 320 MW + 3 x 300 MW
	10 Huadian Zibo Thermal Power Company Limited ("Zibo Company")	950	100%	2 x 330 MW + 2 x 145 MW
	11 Huadian Zhangqiu Power Generation Company Limited ("Zhangqiu Company")	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
	12 Huadian Tengzhou Xinyuan Thermal Power Company Limited ("Tengzhou Company")	930	93.26%	2 x 315 MW + 2 x 150 MW
	13 Huadian Longkou Power Generation Company Limited ("Longkou Company")	880	100%	4 x 220 MW
	14 Sichuan Guang'an Power Generation Company Limited ("Guang'an Company")	2,400	80%	2 x 600 MW + 4 x 300 MW
	15 Huadian Xinxiang Power Generation Company Limited ("Xinxiang Company")	1,320	98.72%	2 x 660 MW
	16 Huadian Luohe Power Generation Company Limited ("Luohe Company")	660	75%	2 x 330 MW
	17 Huadian Qudong Power Generation Company Limited ("Qudong Company")	660	90%	2 x 330 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	18 Anhui Huadian Suzhou Power Generation Company Limited (“Suzhou Company”)	1,260	98.27%	2 x 630 MW
	19 Anhui Huadian Wuhu Power Generation Company Limited (“Wuhu Company”)	2,320	65%	1 x 1,000 MW + 2 x 660 MW
	20 Anhui Huadian Lu’an Power Generation Company Limited (“Lu’an Company”)	1,320	95%	2 x 660 MW
	21 Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (“Yuhua Company”)	600	100%	2 x 300 MW
	22 Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (“Luhua Company”) <i>(Note 2)</i>	661	90%	2 x 330 MW + 1 MW
Coal-fired	23 Guangdong Huadian Pingshi Power Generation Company Limited (“Pingshi Power Generation Company”)	600	100%	2 x 300 MW
	24 Guangdong Huadian Shaoguan Thermal Power Company Limited (“Shaoguan Thermal Power Company”)	700	100%	2 x 350 MW
	25 Huadian Hubei Power Generation Company Limited (“Hubei Company”) <i>(Note 1)</i>	6,855.6	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 2 x 185 MW + 2 x 122.8 MW
	26 Hunan Huadian Changsha Power Generation Company Limited (“Changsha Company”)	1,200	70%	2 x 600 MW
	27 Hunan Huadian Changde Power Generation Company Limited (“Changde Company”)	1,320	48.98%	2 x 660 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	28 Guangdong Huadian Shenzhen Energy Company Limited (“ <b>Shenzhen Company</b> ”)	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
	29 Hangzhou Huadian Banshan Power Generation Company Limited (“ <b>Hangzhou Banshan Company</b> ”)	2,415	64%	3 x 415 MW + 3 x 390 MW
	30 Hangzhou Huadian Xiasha Thermal Power Company Limited (“ <b>Xiasha Company</b> ”)	246	56%	1 x 88 MW + 2 x 79 MW
	31 Hangzhou Huadian Jiangdong Thermal Power Company Limited (“ <b>Jiangdong Company</b> ”)	960.5	70%	2 x 480.25 MW
Gas-fired	32 Huadian Zhejiang Longyou Thermal Power Company Limited (“ <b>Longyou Company</b> ”)	405	100%	2 x 127.6 MW + 1 x 130.3 MW + 1 x 19.5 MW
	33 Hebei Huadian Shijiazhuang Thermal Power Company Limited (“ <b>Shijiazhuang Thermal Power Company</b> ”) <i>(Note 2)</i>	1,310.2	82%	2 x 453.6 MW + 2 x 200 MW + 3 MW
	34 Shijiazhuang Huadian Heat Corporation Limited (“ <b>Shijiazhuang Heat Corporation</b> ”)	12.55	100%	2 x 2 MW + 2 x 4.275 MW
	35 Huadian Foshan Energy Company Limited (“ <b>Foshan Energy Company</b> ”)	329	90%	4 x 59 MW + 1 x 47.5 MW + 1 x 45.5 MW
	36 Tianjin Huadian Fuyuan Thermal Power Company Limited (“ <b>Fuyuan Thermal Power Company</b> ”) <i>(Note 2)</i>	400.49	100%	2 x 200 MW + 0.49 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Gas-fired	37 Tianjin Huadian Nanjiang Thermal Power Company Limited ("Nanjiang Thermal Power Company")	930	65%	2 x 315 MW + 1 x 300 MW
	38 Guangdong Huadian Qingyuan Energy Company Limited ("Qingyuan Company")	1,003.2	100%	2 x 501.6 MW

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

Category	Power generation enterprise	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
Coal-fired	Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Branch Company ("Huangshi Thermal Power Branch Company")	330	100%	1 x 330 MW
	Hubei Xisaishan Power Generation Company Limited ("Xisaishan Company")	660	50%	2 x 330 MW
	Hubei Huadian Xisaishan Power Generation Company Limited ("Huadian Xisaishan Company")	1,360	50%	2 x 680 MW
	Hubei Huadian Xiangyang Power Generation Company Limited ("Xiangyang Company")	2,570	60.10%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW
	Hubei Huadian Jiangling Power Generation Company Limited ("Jiangling Company")	1,320	100%	2 x 660 MW

Category	Power generation enterprise	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
Gas-fired	Hubei Huadian Wuchang Thermal Power Company Limited ("Wuchang Thermal Power")	370	100%	2 x 185 MW
	Hubei Huadian Xiangyang Gas Turbine Thermal Power Company Limited ("Xiangyang Gas Turbine Thermal Power")	245.6	51%	2 x 122.8 MW

Note 2: Generating units of Shijiazhuang Thermal Power Company include two 453.6 MW gas-fired generating units, two 200 MW coal-fired generating units and 3 MW photovoltaic generating units for own use; generating units of Luhua Company include 1 MW photovoltaic generating units for own use; generating units of Fuyuan Thermal Power Company include 0.49 MW photovoltaic generating units for own use.

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

Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of the Company	Generating units
Hydropower	1 Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230 MW
	2 Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
	3 Sichuan Huadian Power Investment Company Limited ("Sichuan Investment Company") (Note 1)	883	100%	3 x 70 MW + 3 x 62 MW + 3 x 46 MW + 3 x 38 MW + 3 x 56 MW + 3 x 11 MW + 4 x 8.5 MW

Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of the Company	Generating units
Hydropower	4 Hebei Huadian Complex Pumping-storage Hydropower Company Limited (“Hebei Hydropower Company”) (Note 2)	65.5	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW + 2 x 3.2 MW + 1 x 1.6 MW + 0.5 MW

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

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

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



## NEWLY-ADDED INSTALLED CAPACITY

From 1 January 2022 up to the date of this announcement, the details of the Group's newly-added generating units are as follows:

<b>Project</b>	<b>Category</b>	<b>Installed capacity (MW)</b>
Shuiluohe Company	Hydropower	56
Shijiazhuang Thermal Power Company	Self-use photovoltaic	3
Luhua Company	Self-use photovoltaic	1
Fuyuan Thermal Power Company	Self-use photovoltaic	0.49
<b>Total</b>		<b>60.49</b>

## GENERATING UNITS UNDER CONSTRUCTION

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

<b>Company Name</b>	<b>Planned installed capacity (MW)</b>
Tianjin Development Area Branch	Three 170 MW coal-fired generating units
Shantou Huadian Power Generation Company Limited ("Shantou Company")	Two 660 MW coal-fired generating units
Hunan Huadian Pingjiang Power Generation Company Limited ("Pingjiang Company")	Two 1,000 MW coal-fired generating units
Longkou Company	One 660 MW coal-fired generating unit
Qingdao Company	Two 505.54 MW gas-fired generating units
<b>Total</b>	<b>5,501.08 MW</b>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Macroeconomic conditions and electricity demand

According to the relevant information and statistics, in the first half of 2022, the gross domestic product of the PRC amounted to RMB56,264.2 billion, representing an increase of 2.5% over the corresponding period in 2021. Power consumption of the entire society in the PRC totaled 4,097.7 million MWh, representing an increase of 2.9% over the corresponding period in 2021. Specifically, consumption by the primary industry amounted to 51.2 million MWh, representing a year-on-year increase of 10.3%, consumption by the secondary industry amounted to 2,741.5 million MWh, representing a year-on-year increase of 1.3% and consumption by the tertiary industry amounted to 693.8 million MWh, representing a year-on-year increase of 3.1%, while the household consumption by urban and rural residents amounted to 611.2 million MWh, representing a year-on-year increase of 9.6%.

### (2) Power generation

During the Period, the power generated by the Group amounted to approximately 99.89 million MWh, representing a decrease of 4.82% over the corresponding period in 2021; the on-grid power sold amounted to approximately 93.52 million MWh, representing a decrease of 5.02% over the corresponding period in 2021. The year-on-year decrease in the power generated and on-grid power sold was mainly attributable to the weakened power demand in the regions where the generating units of the Group were located in the second quarter due to the impact of the COVID-19. The average utilisation hours of the generating units were 1,864 hours, representing a year-on-year decrease of 66 hours, among which the average utilisation hours of coal-fired generating units were 2,063 hours, representing a year-on-year decrease of 156 hours, and the coal consumption for power supply was 283.32g/KWh, representing a year-on-year decrease of 0.40 g/KWh, which was remarkably lower than the national average. The on-grid tariff was RMB518.05/MWh, representing an increase of 21.94% over the corresponding period in 2021. The unit price of standard coal for furnace was RMB1,179.86/ton, representing an increase of 38.22% over the corresponding period in 2021.

### **(3) Turnover and profit**

During the Period, the turnover of the Group amounted to approximately RMB48,945 million, representing a decrease of approximately 7.21% over the corresponding period in 2021 (restated), mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the decrease in coal trade volume of the Group. The revenue of the Group generated from the sale of electricity amounted to approximately RMB43,016 million, representing an increase of approximately 7.80% over the corresponding period in 2021 (restated), mainly due to a rise in electricity prices. The revenue generated from the sale of heat amounted to approximately RMB4,900 million, representing an increase of approximately 16.60% over the corresponding period in 2021, mainly due to the increase in the volume of heat sold. The revenue generated from the sale of coal amounted to approximately RMB1,030 million, representing a decrease of approximately 88.08% over the corresponding period in 2021, mainly due to the decrease in coal trade volume.

During the Period, the Group's operating loss amounted to approximately RMB872 million, representing a decrease of approximately 129.91% over the operating profit during the corresponding period in 2021 (restated), mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the significant increase in the price of coal and gas-fired; the profit for the Period attributable to equity holders of the Company amounted to approximately RMB1,580 million, representing a decrease of approximately 51.81% over the corresponding period in 2021 (restated); the basic earnings per share amounted to approximately RMB0.114, representing a decrease of approximately 59.14% over the corresponding period in 2021 (restated).

### **(4) Major operating expenses**

Fuel costs are the major operating expense of the Group. During the Period, the fuel costs of the Group amounted to approximately RMB37,794 million, representing an increase of approximately 33.34% over the corresponding period in 2021 (restated). This was mainly due to the significant increase in the price of coal and gas-fired.

During the Period, the cost of coal sold of the Group amounted to approximately RMB979 million, representing a decrease of approximately 88.63% over the corresponding period in 2021. This was mainly due to the decrease in coal trade volume.

During the Period, the depreciation and amortisation expenses of the Group amounted to approximately RMB5,059 million, representing a decrease of approximately 15.88% over the corresponding period in 2021 (restated). This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021.

During the Period, the repairs, maintenance and inspection expenses of the Group amounted to approximately RMB1,397 million, representing a decrease of approximately 19.36% over the corresponding period in 2021. This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the Group strengthened its cost control.

During the Period, the personnel costs of the Group amounted to approximately RMB2,950 million, representing a decrease of approximately 6.11% over the corresponding period in 2021. This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the Group strengthened its cost control.

During the Period, the administration expenses of the Group amounted to approximately RMB547 million, representing a decrease of approximately 20.89% over the corresponding period in 2021. This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the Group strengthened its cost control.

During the Period, the tax and surcharges of the Group amounted to approximately RMB368 million, representing a decrease of approximately 22.81% over the corresponding period in 2021. This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021.

During the Period, the other operating expenses of the Group amounted to approximately RMB723 million, representing a decrease of approximately 11.99% over the corresponding period in 2021. This was mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the Group strengthened its cost control.

**(5) Investment income**

During the Period, the investment income of the Group amounted to approximately RMB2 million, representing a decrease of approximately 99.95% over the corresponding period in 2021. This was mainly due to one-off gains arising from the integration of new energy assets in 2021.

**(6) Other revenue and net income**

During the Period, the other revenue and net income of the Group amounted to approximately RMB1,126 million, representing a decrease of approximately 25.90% over the corresponding period in 2021. This was mainly due to the decrease in the income arising from the sale of by-products of power generation.

**(7) Finance costs**

During the Period, the finance costs of the Group amounted to approximately RMB2,069 million, representing a decrease of approximately 1.03% over the corresponding period in 2021. This was mainly due to the increase in capital operation and financing innovation and the lower cost of funds ratio.

**(8) Share of results of associates and joint ventures**

During the Period, the share of results of associates and joint ventures of the Group amounted to approximately RMB2,895 million, representing an increase of approximately 589.42% over the corresponding period in 2021. This was mainly due to the increase in the revenue of the new energy investment companies and coal enterprises in this year.

**(9) Income tax**

During the Period, the income tax credit of the Group amounted to approximately RMB142 million, and the income tax expense of the Group amounted to approximately RMB674 million in 2021. This was mainly due to the cost of coal and gas increased significantly and efficiency in thermal power enterprises declined.

**(10) Pledge and mortgage of assets**

As at 30 June 2022, the Company and its subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure loans amounting to approximately RMB10,538 million (approximately RMB11,894 million at the end of 2021).

As at 30 June 2022, the Company and its subsidiaries have pledged their generating units and relevant equipment to secure loans amounting to approximately RMB2,235 million (approximately RMB2,536 million at the end of 2021).

**(11) Indebtedness**

As at 30 June 2022, the total borrowings of the Group amounted to approximately RMB89,448 million, of which borrowings denominated in Euro amounted to approximately EUR6 million. The liabilities to assets ratio was approximately 65.65%, representing a decrease of 0.05 percentage point compared to that at the end of 2021. Borrowings of the Group were mainly at floating rates. In addition, the balance of medium-term notes payable (including the portion due within one year) and convertible corporate bonds of the Group amounted to approximately RMB27,966 million; and the balance of lease liabilities of the Group amounted to approximately RMB472 million.

**(12) Cash and cash equivalents**

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB5,547 million.

**(13) Contingent Liabilities**

As of 30 June 2022, the Group had no material contingent liability.

**(14) Provisions**

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 30 June 2022, the balance of the Group's provisions amounted to approximately RMB57 million.

## **(15) Cash Flow Analysis**

In the first half of 2022, the net cash inflow from operating activities of the Group amounted to approximately RMB2,782 million, decreased by approximately 34.43% over the first half of 2021, mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021 and the decrease in coal trade volume of the Group; the net cash outflow from investing activities amounted to approximately RMB2,812 million, decreased by approximately 65.68% over the first half of 2021, mainly due to the wind and photovoltaic assets are ceased to be consolidated into the financial statements this year as a result from the integration of new energy assets in 2021; the net cash outflow from financing activities amounted to approximately RMB368 million, compared to the net cash inflow amounted to approximately RMB5,803 million in the first half of 2021, mainly due to the impact of increased debt repayments.

## **(16) Exchange rate fluctuation risk and related hedging**

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

Save as disclosed herein, information with respect to the Group's other matters as set out in paragraph 32 of Appendix 16 to the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") has not changed materially from that included in the Company's 2021 annual report.

## **BUSINESS OUTLOOK**

In the second half of the year, the economy of China was generally steady with a tendency of improvement. With the acceleration of the resumption of work and production, the domestic electricity load has increased continuously since the beginning of summer. The central bank continued to implement a prudent monetary policy and supported the construction of major projects through policy-oriented and development-oriented financial instruments, thus maintaining the total liquidity reasonable and sufficient. Meanwhile, the Group was still subject to risks from the COVID-19 outbreak, the electricity market, the coal market and environmental protection supervision.

Firstly, the risk from the COVID-19 outbreak. Despite the effective control of the COVID-19 outbreak and the overall stability of the epidemic prevention, there were risks of local outbreak, which may have a certain impact on macroeconomic recovery, electricity demand and supply, coal production, transportation, etc. The Group will strictly implement measures for normalized prevention and control of the COVID-19 outbreak, and closely track the changes in the outbreak, so as to ensure that risks in respect of personnel safety, power production, material support and fuel supply are controllable and under control, and to overcome the adverse effects of the epidemic.

Secondarily, power market risk. In order to achieve the strategic goals of “carbon peaking and carbon neutrality”, China promotes the construction of a new power system with new energy as the mainstay. At present, the proportion of the installed capacity of thermal generating units of the Group is high, and there remains the problem of unbalanced and uncoordinated power source structure and asset allocation. The Group will give full play to the important role of coal-fired generating units in meeting the basic needs, and system regulating, and actively participate in and serve the construction of a new power market based on the actual national conditions of China, such as energy resource conditions, economic and social development.

Thirdly, coal market risk. The tight balance of coal supply is expected to be difficult to change in the short term and the market price of coal will remain volatile at a high level. The Company will closely monitor changes in China’s policy landscape, strengthen the research on the coal market, actively promote the signing of mid and long-term contracts and strengthen the performance and fulfilment of these contracts and continuously optimize procurement and inventory strategies, to ensure the safe and stable supply of thermal coal, and make every effort to control and reduce procurement costs.

Fourthly, environmental protection supervision risk. China has successively published a series of policies and regulations on environmental governance, which puts greater demands on corporate environmental information disclosure, ecological environment monitoring, energy conservation and emission reduction, etc. The Group will firmly grasp the overall requirements on achieving synergy in pollution and carbon reduction, earnestly perform the responsibility of an environment protector, and properly carry out pollution prevention and control and compliant discharge. The Group will strengthen the monitoring and benchmarking analysis of major energy consumption indicators and promote continuous improvement in energy consumption indicators.



## **SIGNIFICANT EVENTS AND SUBSEQUENT EVENTS**

### **1. Appointment of Deputy General Manager**

On 25 March 2022, Mr. Qin Jiehai was appointed as the deputy general manager of the Company at the 24th meeting of the ninth session of the Board of the Company.

For details, please see the announcement of the Company dated 25 March 2022.

### **2. Change of Company Secretary, Authorized Representative and General Counsel, and Appointment of Representative of Securities Affairs**

At the 26th meeting of the ninth session of the Board held on 31 May 2022, Mr. Qin Jiehai was appointed as the joint company secretary, the secretary to the Board, the authorized representative of the Company under Rule 3.05 of the Hong Kong Listing Rules and the general counsel of the Company.

At the 26th meeting of the ninth session of the Board held on 31 May 2022, Ms. Ng Ka Man was appointed as the joint company secretary of the Company.

On 31 May 2022, Mr. Zhang Gelin ceased to serve as the company secretary of the Company, and the authorized representative of the Company under Rule 3.05 of the Hong Kong Listing Rules of the Hong Kong Stock Exchange, due to personal work adjustment.

On 31 May 2022, due to personal work adjustment, Mr. Chen Bin ceased to serve as the general counsel of the Company.

At the 26th meeting of the ninth session of the Board held on 31 May 2022, Mr. Hu Shufeng was appointed as the representative of securities affairs of the Company.

For details, please see the announcement of the Company dated 31 May 2022.

### **3. Change of Director and Chief Financial Officer**

On 15 June 2022, due to personal work adjustment, Mr. Feng Rong ceased to serve as the executive director and the chief financial officer of the Company.

On 15 June 2022, Mr. Li Guoming was appointed as the chief financial officer of the Company at the 27th meeting of the ninth session of the Board of the Company.

For details, please see the announcement of the Company dated 15 June 2022.



#### 4. Convening of Extraordinary General Meeting and Changing of Directors

The Company convened the 2022 first extraordinary general meeting (the “EGM”) on 24 August 2022. Mr. Dai Jun and Mr. Li Guoming were appointed as executive directors of the ninth session of the Board of the Company at the EGM, with a term of office commencing from the conclusion of the EGM and ending on the expiry of the term of the ninth session of the Board.

On 28 July 2022, Mr. Ding Huande intended to resign as the chairman of the Board, the executive director and the chairman of the Strategic Committee of the ninth session of the Board of the Company due to reaching the retirement age with effect from 24 August 2022. Mr. Ding Huande has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company.

On 26 August 2022, at the 29th meeting of the ninth session of the Board of the Company, Mr. Dai Jun has been appointed as the chairman of the Board and the chairman of the Strategic Committee of the Company; Mr. Li Guoming has been appointed as a member of the Strategic Committee of the Company.

For details, please see the announcements of the Company dated 15 June 2022, 28 July 2022, 24 August 2022, 26 August 2022 and the notice of the EGM dated 28 July 2022.

#### 5. Real Estate Investment Trust Funds (the “REITs”) for Infrastructure Assets

On 31 May 2022, the 26th meeting of the ninth session of the Board of the Company considered and approved the Resolution in relation to the Commencement of Infrastructure REITs Application Work (《關於開展基礎設施REITs申報工作的議案》), at which the Company agreed to commence the infrastructure REITs application work. It aims to respond to the call of national policies, establish a capital circulation system, and achieve a full-cycle capital circulation of “Investment, Financing, Management, and Withdrawal (投融管退)”.

The Company intended to select the natural gas heat and power co-generation projects (天然氣熱電聯產項目) owned by certain subsidiaries in Zhejiang Province (the “**Project Companies**”) as the pooled assets. As of 31 December 2021, the total assets of the Project Companies were approximately RMB2,805 million, the total liabilities were approximately RMB1,690 million, the total operating income in 2021 were approximately RMB1,756 million, and the total profits were approximately RMB135 million (Audited).

If the Company proceeds with the proposed transaction, the proposed transaction may constitute a spin-off by the Company pursuant to Practice Note 15 (“**PN15**”) of the Hong Kong Listing Rules. The Company will apply for approvals for the Proposed Transaction from relevant regulatory authorities in due course, including but not limited to making application to The Stock Exchange of Hong Kong Limited with respect of the Proposed Transaction for approvals of the spin-off, pursuant to PN15.

The Company will cooperate with relevant professional institutions to continuously improve and form formal application materials in accordance with the relevant rules and requirements of regulatory institutions, submit applications to relevant regulatory institutions, and promote the registration, issuance and listing of the publicly traded fund. The final plan for the establishment of infrastructure REITs will be determined based on the approval of relevant regulatory institutions. Currently, related work is in progress.

For details, please see the announcement of the Company dated 31 May 2022.

## SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors of the Company are aware, each of the following persons, not being a director, supervisor, chief executive or members of the senior management of the Company, had an interest or short position as at 30 June 2022 in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 30 June 2022, or was a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company as at 30 June 2022:

Name of shareholder	Class of shares	Number of shares held	Approximate percentage of the total number of shares of the Company in issue	Approximate percentage of the total number of A shares of the Company in issue	Approximate percentage of the total number of H shares of the Company in issue	Capacity
China Huadian Corporation Limited ("China Huadian")	A shares	4,534,199,224 (L)	45.94%	55.62%	—	Beneficial owner
	H shares	85,862,000 (L) <sup>Note</sup>	0.87%	—	5.00%	Interests in a controlled corporation
Shandong Development Investment Holding Group Co., Ltd.	A shares	757,226,729 (L)	7.67%	9.29%	—	Beneficial owner

(L) = long position; (P) = lending pool

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

Save as disclosed above and so far as the Directors are aware, as at 30 June 2022, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

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

As at 30 June 2022, none of the directors, supervisors, chief executive or members of the senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (as defined in Part XV of the SFO) which was (i) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such director, supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO) or was (ii) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which was otherwise (iii) required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Hong Kong Listing Rules (which for this purpose shall be deemed to apply to the supervisors of the Company to the same extent as it applies to the directors of the Company).

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

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS**

As at 30 June 2022, the Group’s deposits placed with financial institutions or other parties did not include any designated or trust deposits, or any material time deposits which could not be collected by the Group upon maturity.

## **MATERIAL LITIGATION**

As of 30 June 2022, certain members of the Group were parties to certain litigations arising from the ordinary course of business or acquisition of assets. However, the management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid litigations will not have any material adverse effect on the financial position and operating results of the Group.

## **AUDIT COMMITTEE**

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

## **EMPLOYEE REMUNERATION POLICY FOR THE GROUP**

As at 30 June 2022, the total number of employees of the Group was 24,711. The Group has always complied with the relevant requirements of the PRC, and determined the salary levels of employees according to its economic benefits. It has established an objective, impartial, scientific and effective remuneration distribution mechanism and staff performance appraisal mechanism, according to the talent concept of “identifying talents through performance, selecting talents through competition and awarding talents through remuneration”.

## **CORPORATE GOVERNANCE**

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

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

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

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

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

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited for Directors and Supervisors and the Code on Trading in Securities of Huadian Power International Corporation Limited for Employees, which are on terms no less lenient than those set out in the Model Code.
- In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Company has established the Strategic Committee and has stipulated the Terms of Reference for the Strategic Committee.
- The Audit Committee comprises five members, including two non-executive directors and three independent non-executive directors.

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

Beijing, the PRC  
26 August 2022

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

*Dai Jun (Chairman, Executive Director), Ni Shoumin (Vice Chairman, Non-executive Director), Peng Xingyu (Non-executive Director), Luo Xiaoqian (Executive Director), Zhang Zhiqiang (Non-executive Director), Li Pengyun (Non-executive Director), Wang Xiaobo (Non-executive Director), Li Guoming (Executive Director), Feng Zhenping (Independent Non-executive Director), Li Xingchun (Independent Non-executive Director), Li Menggang (Independent Non-executive Director) and Wang Yuesheng (Independent Non-executive Director).*

\* *For identification purpose only*

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

The financial information set out below is extracted from the unaudited condensed consolidated financial statements prepared under IFRSs of the Group as set out in its 2022 interim report.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

*(Expressed in Renminbi)*

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated)
<b>Turnover</b>	3	<u>48,945,471</u>	<u>52,749,423</u>
<b>Operating expenses</b>			
Fuel costs		(37,793,593)	(28,344,341)
Costs of coal sold		(978,808)	(8,609,027)
Depreciation and amortisation		(5,059,441)	(6,014,890)
Repairs, maintenance and inspection		(1,397,429)	(1,732,984)
Personnel costs		(2,949,746)	(3,141,567)
Administration expenses		(547,446)	(692,046)
Taxes and surcharges		(368,420)	(477,263)
Other operating expenses	6(b)	<u>(722,824)</u>	<u>(821,343)</u>
		<u>(49,817,707)</u>	<u>(49,833,461)</u>
<b>Operating (loss)/profit</b>		<b>(872,236)</b>	2,915,962
Investment income	4	<b>2,060</b>	3,844,269
Other revenue and net income		<b>1,126,412</b>	1,520,048
Impairment loss on assets classified as held for sale		–	(2,106,000)
Interest income from bank deposits		<b>51,074</b>	46,050
Finance costs	5	<b>(2,068,636)</b>	(2,090,197)
Share of results of associates and joint ventures		<u><b>2,894,894</b></u>	<u>419,905</u>

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

For the six months ended 30 June 2022

(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited) (Restated)
<b>Profit before taxation</b>	6(a)	<b>1,133,568</b>	4,550,037
Income tax credit/(expense)	7	<b>141,668</b>	(674,498)
<b>Profit for the period</b>		<b>1,275,236</b>	<b>3,875,539</b>
<b>Other comprehensive income/(expense) for the period (net of tax):</b>			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income/(expense) of investees accounted for under the equity method (with nil tax effect)	8	<b>40</b>	(6,055)
<b>Total comprehensive income for the period</b>		<b>1,275,276</b>	<b>3,869,484</b>
<b>Profit/(loss) for the period attributable to:</b>			
Equity holders of the Company		<b>1,579,504</b>	3,277,787
Non-controlling interests		<b>(304,268)</b>	597,752
		<b>1,275,236</b>	<b>3,875,539</b>
<b>Total comprehensive income/(expense) for the period attributable to:</b>			
Equity holders of the Company		<b>1,579,544</b>	3,271,732
Non-controlling interests		<b>(304,268)</b>	597,752
		<b>1,275,276</b>	<b>3,869,484</b>
<b>Earnings per share</b>	9		
– Basic (RMB)		<b>0.114</b>	0.279
– Diluted (RMB)		<b>0.112</b>	0.279



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

*(Expressed in Renminbi)*

	<b>At 30 June 2022</b>	<b>At 31 December 2021</b>
<i>Note</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited) (Restated)</b>
<b>Non-current assets</b>		
Property, plant and equipment	122,379,156	125,638,139
Right-of-use assets	6,280,818	6,497,402
Construction in progress	17,979,022	15,804,052
Investment properties	72,424	61,828
Intangible assets	1,877,566	1,900,627
Goodwill	1,199,701	1,199,701
Interests in associates and joint ventures	39,506,979	37,387,135
Financial assets at fair value through profit or loss	345,195	330,064
Other non-current assets	1,011,201	1,762,095
Deferred tax assets	2,348,053	2,289,323
	<b>193,000,115</b>	<b>192,870,366</b>
<b>Current assets</b>		
Inventories	4,805,177	6,130,892
Trade debtors and bills receivable	10,970,102	9,265,280
Deposits, other receivables and prepayments	5,057,532	7,554,257
Tax recoverable	258,927	552,862
Restricted deposits	281,062	145,463
Cash and cash equivalents	5,547,484	5,945,067
	<b>26,920,284</b>	<b>29,593,821</b>



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

As at 30 June 2022

(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2022 <b>RMB'000</b> (Unaudited)	At 31 December 2021 <b>RMB'000</b> (Audited) (Restated)
<b>Current liabilities</b>			
Bank loans		26,140,574	29,968,493
Loans from shareholders		1,816,352	617,054
State loans		1,682	1,733
Other loans		5,666,865	5,491,491
Short-term debentures payable		–	2,023,880
Long-term debentures payable – current portion		4,446,853	5,861,218
Amount due to the parent company		23,141	27,599
Lease liabilities		257,167	240,830
Trade creditors and bills payable	11	13,703,370	14,793,426
Other payables and contract liabilities		6,981,910	6,431,258
Tax payable		133,591	205,952
		<u>59,171,505</u>	<u>65,662,934</u>
<b>Net current liabilities</b>		<u>(32,251,221)</u>	<u>(36,069,113)</u>
<b>Total assets less current liabilities</b>		<u>160,748,894</u>	<u>156,801,253</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

As at 30 June 2022

(Expressed in Renminbi)

	At 30 June 2022 <i>RMB'000</i> (Unaudited)	At 31 December 2021 <i>RMB'000</i> (Audited) (Restated)
<b>Non-current liabilities</b>		
Bank loans	48,781,325	45,353,610
Loans from shareholders	1,845,860	5,579,400
State loans	43,215	45,384
Other loans	5,152,170	5,703,716
Long-term debentures payable	22,062,137	16,078,002
Convertible bonds – liability components	1,456,973	1,433,637
Lease liabilities	214,871	327,557
Provisions	57,069	64,242
Deferred government grants	1,253,222	1,266,742
Deferred income	2,804,829	2,896,818
Deferred tax liabilities	1,532,852	1,690,353
Retirement benefit obligations	11,886	15,078
	<b>85,216,409</b>	80,454,539
<b>Net assets</b>	<b>75,532,485</b>	76,346,714
<b>Capital and reserves</b>		
Share capital	9,869,858	9,869,858
Perpetual capital securities	23,308,015	22,473,349
Reserves	30,108,155	31,451,229
<b>Equity attributable to equity holders of the Company</b>	<b>63,286,028</b>	63,794,436
<b>Non-controlling interests</b>	<b>12,246,457</b>	12,552,278
<b>Total equity</b>	<b>75,532,485</b>	76,346,714

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation of the condensed consolidated financial statements

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

At 30 June 2022, the Group had net current liabilities of approximately RMB32,251 million and certain capital commitments. The directors of the Company, are of the opinion that, taking into account the current operation of the Group, the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the foreseeable future. Therefore, these condensed consolidated financial statements have been continuously prepared on a going concern basis.

### 2. Principal accounting policies

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

Other than additional accounting policies resulting from application of amendments to IFRSs as set out in note 2(a) below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

#### (a) Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

## 2. Principal accounting policies (*Continued*)

### (b) Impacts and accounting policies on application of Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use” (“Amendments to IAS 16”)

#### *Accounting policies*

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit or loss.

The Group’s previous accounting policy is to account for sale proceeds during construction period and test run period as reduction of cost of construction in progress and property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs was included in profit or loss.

#### Transition and summary of effects

The Group has applied the new accounting policy retrospectively to property, plant and equipment (including construction in progress) made available for use on or after the beginning of the earliest period presented. In addition, appropriate adjustments were made to conform the associates’ accounting policies to those of the Group.

The details of the impacts on each financial statement line items and earnings per share arising from the application of the amendments are set out below.

Six months ended 30 June  
2021  
RMB’000

#### ***Impact on profit and total comprehensive income for the period***

Increase in revenue	135,085
Increase in fuel costs	(159,882)
Decrease in depreciation and amortisation	294
	<hr/>
Net decrease in profit and total comprehensive income for the period	(24,503)
	<hr/> <hr/>
Decrease in profit and total comprehensive income for the period attributable to:	
– Equity holders of the Company	(24,503)
– Non-controlling interests	–
	<hr/>
	(24,503)
	<hr/> <hr/>

#### ***Impact on basic and diluted earnings per share***

Basic and diluted earnings per share before adjustments	RMB 0.281
Net adjustments arising from change in accounting policy	RMB(0.002)
	<hr/>
Reported basic and diluted earnings per share as restated	RMB 0.279
	<hr/> <hr/>

## 2. Principal accounting policies (*Continued*)

### (b) Impacts and accounting policies on application of Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use” (“Amendments to IAS 16”) (*Continued*)

#### *Impact on the condensed consolidated statement of financial position as at 31 December 2021*

	At 31 December 2021 <i>RMB'000</i> (As originally stated)	Adjustments <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i> (Restated)
<b>Effects on net assets</b>			
Property, plant and equipment	125,676,926	(38,787)	125,638,139
Construction in progress	15,807,420	(3,368)	15,804,052
Interests in associates and joint ventures	37,266,831	120,304	37,387,135
	<u>178,751,177</u>	<u>78,149</u>	<u>178,829,326</u>
<b>Effects on equity</b>			
Reserves	31,365,210	86,019	31,451,229
Non-controlling interests	12,560,148	(7,870)	12,552,278
	<u>43,925,358</u>	<u>78,149</u>	<u>44,003,507</u>

No adjustments were presented at the opening balance of 1 January 2021 as there were no effects as a result of application of Amendments to IAS 16.

## 3. Turnover

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

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sale of electricity	<b>43,015,885</b>	39,903,297
Sale of heat	<b>4,899,666</b>	4,202,245
Sale of coal	<b>1,029,920</b>	8,643,881
	<u><b>48,945,471</b></u>	<u>52,749,423</u>

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

#### 4. Investment income

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Dividend income from financial assets measured at fair value through profit or loss	–	20,197
Gain on disposal of subsidiaries	–	3,834,442
Interest income from other long-term receivables	7,187	7,556
Loss on disposal of financial assets measured at fair value through other comprehensive income	(5,127)	(17,926)
	<u>2,060</u>	<u>3,844,269</u>

#### 5. Finance costs

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on loans and other financial liabilities	2,146,374	2,187,488
Interest on lease liabilities	11,654	32,289
Interest on convertible bonds	23,336	–
Other finance costs	42,584	29,656
Net foreign exchange gain	(1,388)	(2,766)
Less: interest capitalised	(153,924)	(156,470)
	<u>2,068,636</u>	<u>2,090,197</u>

The borrowing costs have been capitalised at an average rate of 3.83% (six months ended 30 June 2021: 4.16%) per annum for construction in progress.

## 6. Profit before taxation

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Amortisation		
– Intangible assets	46,476	119,279
Depreciation		
– Property, plant and equipment	4,807,335	5,718,018
– Right-of-use assets	204,658	176,841
– Investment properties	972	752
	<hr/>	<hr/>
Total amortisation and depreciation	5,059,441	6,014,890
Cost of inventories recognised as an expense	40,169,830	38,686,352
(Reversal of impairment loss)/impairment loss recognised under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivable	(177)	33,319
– Deposits, other receivables and prepayments	(673)	4,836
Included in other revenue and net income:		
– Government grants	(392,663)	(464,569)
– Net gain on disposal of property, plant and equipment	(49,447)	(1,800)
– Net gain on disposal of right-of-use assets	(35,214)	(254,793)
– Net income from sale of materials	(482,613)	(745,629)
	<hr/> <hr/>	<hr/> <hr/>

### (b) Other operating expenses:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Heating	399,073	263,594
Power charges	131,295	342,869
Water charges	191,440	189,359
Other expense relating to short-term leases	1,016	25,508
Others	–	13
	<hr/>	<hr/>
Total other operating expenses	722,824	821,343
	<hr/> <hr/>	<hr/> <hr/>

## 7. Income tax (credit)/expense

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Current tax – PRC Enterprise Income Tax</b>		
Charge for the period	72,370	794,256
Under-provision in respect of prior years	2,193	902
	<u>74,563</u>	<u>795,158</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences and tax losses	(216,231)	(120,660)
	<u>(141,668)</u>	<u>674,498</u>

The charge for the PRC Enterprise Income Tax is calculated at the statutory rate of 25% (six months ended 30 June 2021: 25%) on the estimated assessable profits of the Group for the six months ended 30 June 2022 determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Group which are taxed at preferential rate of 15% (six months ended 30 June 2021: tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15%).

## 8. Other comprehensive income/(expense)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Share of other comprehensive income/(expense) of investees accounted for under the equity method	40	(6,055)
Other comprehensive income/(expense), net of income tax	<u>40</u>	<u>(6,055)</u>

## 9. Earnings per share

### (a) Basic earnings per share

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000 (Restated)
Profit attributable to equity holders of the Company	1,579,504	3,277,787
Less: Profit attributable to holders of perpetual capital securities	(453,254)	(526,633)
Profit attributable to equity shareholders	<u>1,126,250</u>	<u>2,751,154</u>
Weighted average number of ordinary shares in issue	<u>9,869,858,215</u>	<u>9,862,976,653</u>
Basic earnings per share (RMB)	<u>0.114</u>	<u>0.279</u>



## 9. Earnings per share (*Continued*)

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the six months ended 30 June 2022, the Company has one category of dilutive potential ordinary shares which is the convertible bonds.

For the convertible bonds, they are assumed to have been converted into ordinary shares, and the profits attributable to the equity holders of the Company is adjusted to eliminate the interest expenses of the convertible bonds.

	<b>Six months ended 30 June 2022 RMB'000</b>
Profit attributable to equity shareholders (note 9(a))	1,126,250
Add: Interest expense on liability component of convertible bonds (net of tax)	<u>17,502</u>
Profit for the purpose of diluted earnings per share	<u>1,143,752</u>
Weighted average number of ordinary shares in issue	9,869,858,215
Effect of dilutive potential ordinary shares: Convertible bonds*	<u>357,702,920</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	<u>10,227,561,135</u>
Diluted earnings per share (RMB)	<u><u>0.112</u></u>

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

The diluted earnings per share for the six months ended 30 June 2021 was the same as the respective basic earnings per share as there were no dilutive potential ordinary shares outstanding during the period.

## 10. Trade debtors and bills receivable

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade debtors and bills receivable for the sale of electricity	9,348,114	8,187,764
Trade debtors and bills receivable for the sale of heat	1,242,530	841,053
Trade debtors and bills receivable for the sale of coal	708,198	565,380
	<hr/>	<hr/>
	11,298,842	9,594,197
Less: allowance for impairment	(328,740)	(328,917)
	<hr/>	<hr/>
	<b>10,970,102</b>	<b>9,265,280</b>
	<hr/> <hr/>	<hr/> <hr/>

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

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	10,902,028	9,174,783
1 to 2 years	19,646	24,385
2 to 3 years	12,328	22,115
Over 3 years	36,100	43,997
	<hr/>	<hr/>
	10,970,102	9,265,280
	<hr/> <hr/>	<hr/> <hr/>

## 11. Trade creditors and bills payable

As at 30 June 2022, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	11,775,131	12,487,154
1 to 2 years	584,122	764,963
Over 2 years	1,344,117	1,541,309
	<hr/>	<hr/>
	13,703,370	14,793,426
	<hr/> <hr/>	<hr/> <hr/>

## **12. Deferred income**

Deferred income represents the unearned portion of upfront installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront installation fee recognised for the six months ended 30 June 2022 amounting to approximately RMB145 million (six months ended 30 June 2021: RMB291 million) is included in "Other revenue and net income" in the condensed consolidated statement of profit or loss and other comprehensive income.

## **13. Dividends**

- (a) A final dividend of RMB0.25 per share in respect of the year ended 31 December 2021 (six months ended 30 June 2021: RMB0.25 per share in respect of the year ended 31 December 2020) was declared to the equity shareholders of the Company and approved on 29 June 2022. The aggregate amount of the final dividend declared amounted to approximately RMB2,467 million (six months ended 30 June 2021: RMB2,466 million).
- (b) The directors of the Company do not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## **14. Contingent liabilities**

As at 30 June 2022, certain of the Group's subsidiaries were the defendant in certain lawsuits for events occurred before the acquisition date. At the end of reporting period, the lawsuits were in progress of which the 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 30 June 2022 (31 December 2021: Nil).

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

The consolidated financial information set out below is extracted from the unaudited consolidated financial statements prepared under CAS of the Group as set out in its 2022 interim report.

### CONSOLIDATED BALANCE SHEET AND BALANCE SHEET (UNAUDITED)

As at 30 June 2022

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2022	31 December 2021 (Restated)	30 June 2022	31 December 2021 (Restated)
<b>Non-current assets:</b>				
Long-term investments	269,417	254,430	337,260	318,511
Long-term equity investments	39,490,191	37,370,347	80,555,556	76,943,935
Other non-current financial assets	345,195	330,195	79,971	79,971
Investment properties	72,424	61,828	21,857	22,375
Property, plant and equipment	119,870,378	122,987,061	13,564,955	15,131,864
Construction in progress	18,033,991	15,859,021	3,945,560	3,774,025
Right-of-use assets	917,495	1,001,786	109,876	146,516
Intangible assets	7,127,198	7,216,742	826,787	904,620
Goodwill	441,212	441,212	–	–
Deferred tax assets	2,387,256	2,328,526	–	–
Other non-current assets	741,784	1,508,660	66,987	419,477
<b>Total non-current assets</b>	<b>189,696,541</b>	<b>189,359,808</b>	<b>99,508,809</b>	<b>97,741,294</b>
<b>Current assets:</b>				
Cash and cash equivalents	5,828,546	6,090,530	373,547	739,464
Bills receivable	6,194	3,940	6,194	3,940
Trade debtors	10,532,560	9,049,423	1,830,743	1,414,828
Accounts receivable financing	866,925	755,040	83,172	25,036
Prepayments	1,921,594	2,066,807	412,222	265,967
Other receivables	1,577,034	2,141,817	15,975,889	13,626,221
Inventories	4,791,327	6,116,153	973,480	768,778
Non-current assets – current portion	58,485	73,514	73,946	88,975
Other current assets	1,323,769	3,281,546	59,565	335,017
<b>Total current assets</b>	<b>26,906,434</b>	<b>29,578,770</b>	<b>19,788,758</b>	<b>17,268,226</b>

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

As at 30 June 2022

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2022	31 December 2021 (Restated)	30 June 2022	31 December 2021 (Restated)
<b>Current liabilities</b>				
Short-term loans	26,570,001	27,644,545	5,581,559	6,257,815
Bills payable	3,027,670	2,411,667	–	200,000
Trade creditors	10,693,298	12,391,502	2,038,070	2,354,468
Salaries payable	231,280	222,627	63,078	53,414
Tax payable	1,170,622	1,584,729	119,925	144,610
Other payable	5,307,194	2,837,412	3,421,239	724,863
Contract liabilities	375,139	1,875,588	24,648	22,069
Non-current liabilities – current portion	11,759,492	14,536,274	5,826,619	9,180,656
Other current liabilities	36,809	2,158,534	8,997	2,066,248
<b>Total current liabilities</b>	<b>59,171,505</b>	<b>65,662,878</b>	<b>17,084,135</b>	<b>21,004,143</b>
<b>Non-current liabilities</b>				
Long-term loans	55,822,570	56,682,110	14,996,155	13,092,879
Debentures payable	23,519,110	17,511,639	23,519,110	17,511,639
Lease liabilities	214,871	327,557	59,254	93,907
Long-term payables	81,596	116,939	31,798	43,334
Retirement benefit obligations	11,886	15,078	–	–
Provisions	57,069	64,242	–	–
Deferred income	3,801,736	3,855,106	61,272	79,035
Deferred tax liabilities	953,311	1,058,765	62,281	62,281
<b>Total non-current liabilities</b>	<b>84,462,149</b>	<b>79,631,436</b>	<b>38,729,870</b>	<b>30,883,075</b>
<b>Net assets</b>	<b>72,969,321</b>	<b>73,644,264</b>	<b>63,483,562</b>	<b>63,122,302</b>

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

As at 30 June 2022

(Expressed in Renminbi'000)

Item	The Group		The Company	
	30 June 2022	31 December 2021 (Restated)	30 June 2022	31 December 2021 (Restated)
<b>Shareholders' equity:</b>				
Share capital	9,869,858	9,869,858	9,869,858	9,869,858
Other equity instruments	23,349,265	22,514,599	23,349,265	22,514,599
Capital reserve	13,103,640	13,105,539	14,475,811	14,477,710
Other comprehensive income	66,662	66,622	66,883	66,843
Specific reserve	202,125	206,407	198,590	198,758
Surplus reserve	4,334,467	4,334,467	4,369,232	4,369,232
Retained earnings	10,542,483	11,818,171	11,153,923	11,625,302
<b>Total equity attributable to equity holders of the Company</b>	<b>61,468,500</b>	61,915,663	<b>63,483,562</b>	63,122,302
<b>Non-controlling interests</b>	<b>11,500,821</b>	11,728,601	–	–
<b>Total equity</b>	<b>72,969,321</b>	73,644,264	<b>63,483,562</b>	63,122,302

## CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT (UNAUDITED)

*For the six months ended 30 June 2022*

*(Expressed in Renminbi'000)*

Item	The Group		The Company	
	Six months ended 30 June 2022	2021 (Restated)	Six months ended 30 June 2022	2021 (Restated)
<b>Total operating income</b>	<b>49,544,853</b>	54,438,489	<b>7,693,770</b>	5,818,994
Less: Total operating costs	<b>51,739,816</b>	52,509,573	<b>8,138,491</b>	6,085,958
Including: Operating costs	<b>48,756,934</b>	49,183,055	<b>7,389,190</b>	5,559,623
Taxes and surcharges	<b>371,988</b>	514,406	<b>70,019</b>	81,227
Administrative expenses	<b>593,332</b>	702,986	<b>139,422</b>	143,621
Research and development costs	–	2,761	–	–
Finance expenses	<b>2,017,562</b>	2,106,365	<b>539,860</b>	301,487
Impairment loss of assets (Reversal)/recognition of expected credit losses	<b>680</b>  <b>(850)</b>	2,106,000  38,155	<b>16</b>  –	–  4,705,840
Add: Investment income	<b>2,896,954</b>	4,264,746	<b>2,823,186</b>	8,947,418
Gain on disposal of assets	<b>79,653</b>	255,292	<b>34</b>	–
Other income	<b>487,072</b>	442,903	<b>59,836</b>	28,059
<b>Operating profit</b>	<b>1,268,886</b>	4,747,702	<b>2,438,319</b>	4,002,673
Add: Non-operating income	<b>68,466</b>	136,367	<b>11,331</b>	6,851
Less: Non-operating expenses	<b>8,188</b>	65,365	<b>310</b>	331
<b>Total profit</b>	<b>1,329,164</b>	4,818,704	<b>2,449,340</b>	4,009,193
Less: Income tax (credit)/expenses	<b>(89,640)</b>	752,225	–	98,434
<b>Net profit</b>	<b>1,418,804</b>	4,066,479	<b>2,449,340</b>	3,910,759
Classified according to the ownership				
(1) Attributable to equity shareholders of the Company	<b>1,645,031</b>	3,372,433	<b>2,449,340</b>	3,910,759
(2) Minority interests	<b>(226,227)</b>	694,046	–	–

**CONSOLIDATED INCOME STATEMENT AND INCOME STATEMENT  
(UNAUDITED) (CONTINUED)**

*For the six months ended 30 June 2022*

*(Expressed in Renminbi'000)*

Item	The Group		The Company	
	Six months ended 30 June		Six months ended 30 June	
	2022	2021 (Restated)	2022	2021 (Restated)
<b>Other comprehensive income/(expense), net of tax</b>	<b>40</b>	<b>(6,055)</b>	<b>40</b>	<b>(5,024)</b>
Other comprehensive income/(expense) attributable to equity shareholders of the Company, net of tax	40	(6,055)	40	(5,024)
Items that may be subsequently reclassified to profit or loss	40	(6,055)	40	(5,024)
(1) Shares of other comprehensive income/(expense) that may be subsequently reclassified to profit or loss of investees accounted for under the equity method	40	(6,055)	40	(5,024)
<b>Total comprehensive income</b>	<b><u>1,418,844</u></b>	<b><u>4,060,424</u></b>	<b><u>2,449,380</u></b>	<b><u>3,905,735</u></b>
Attributable to equity shareholders of the Company	<u>1,645,071</u>	<u>3,366,378</u>	<u>2,449,380</u>	<u>3,905,735</u>
Minority interests	<u>(226,227)</u>	<u>694,046</u>	<u>-</u>	<u>-</u>
<b>Earnings per share</b>				
Basic earnings per share <i>(RMB/Share)</i>	<u>0.12</u>	<u>0.29</u>	<u>N/A</u>	<u>N/A</u>
Diluted earnings per share <i>(RMB/Share)</i>	<u>0.12</u>	<u>0.29</u>	<u>N/A</u>	<u>N/A</u>



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

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

	<i>Notes</i>	Net profit attributable to equity shareholders of the Company		Net asset attributable to equity shareholders of the Company	
		Six months ended 30 June		30 June	31 December
		2022	2021	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts under CAS		<b>1,645,031</b>	3,372,433	<b>61,468,500</b>	61,915,663
Adjustments					
Business combination involving entities under common control	(i)	<b>(208,110)</b>	(299,705)	<b>3,434,426</b>	3,642,536
Government grants	(ii)	<b>16,796</b>	16,796	<b>(236,413)</b>	(253,209)
Maintenance and production safety funds	(iii)	<b>(4,282)</b>	14,759	–	–
Separation and transfer equipment	(iv)	–	(517)	–	–
Taxation impact of the adjustments		<b>52,028</b>	77,727	<b>(634,849)</b>	(686,877)
Attributable to minority interest		<b>78,041</b>	96,294	<b>(745,636)</b>	(823,677)
Amounts under IFRSs		<b><u>1,579,504</u></b>	<u>3,277,787</u>	<b><u>63,286,028</u></b>	<u>63,794,436</u>

*Notes:*

- (i) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree 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 recognised 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 acquiree 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 amortised 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 recognised 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 recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised 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.

- (iv) Pursuant to the relevant PRC regulations for the separation and transfer of "Water/Electricity/Heat Supply and Property Management", the Group required to transfer certain equipment to relevant parties without any consideration, which the loss will directly recognise to equity.

According to IFRSs, the loss from the separation and transfer of equipment should be first recorded in profit or loss as incurred, then to equity as reduced the retained profits for the Group.