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華潤電力控股有限公司

China Resources Power Holdings Company Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 836)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

SUMMARY OF OPERATING RESULTS

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company”) announces the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023.

For year 2023, profit attributable to owners of the Company (“Net Profit”) amounted to HK\$11,003 million, representing an increase of HK\$3,961 million or 56.2% from Net Profit of HK\$7,042 million in 2022.

For year 2023, basic earnings per share amounted to HK\$2.29, representing an increase of 56.2% from basic earnings per share of HK\$1.46 in 2022.

In 2023, core profit contribution from renewable energy business amounted to HK\$9,726 million (2022: HK\$8,645 million), and core profit contribution from thermal power business amounted to HK\$3,611 million (2022: loss HK\$2,582 million).

The Board has resolved to recommend a final dividend of HK\$0.587 per share for 2023. Including the interim dividend of HK\$0.328 per share paid in November 2023, the dividend for 2023 was HK\$0.915 per share, representing a dividend payout ratio of 40%. With the special dividend of HK\$0.5 per share for the 20th Anniversary of Listing, the total dividend for 2023 was HK\$1.415 per share, and the dividend payout ratio was 62%.

	For the year ended 31 December	
	2023	2022
Turnover (<i>HK\$'000</i>)	103,334,322	103,305,097
Profit attributable to owners of the Company (<i>HK\$'000</i>)	11,003,283	7,042,478
Basic earnings per share (<i>HK\$</i>)	2.29	1.46
Dividend per share (including special dividend) (<i>HK\$</i>)	1.415	0.586
Dividend payout ratio (including special dividend)	62%	40%

	HK\$'000		RMB'000	
	2023	2022	2023	2022
Profit attributable to owners of the Company	11,003,283	7,042,478	9,887,805	5,953,869
Non-cash exchange gains	(66,081)	(1,993,762)	(58,780)	(1,690,249)
Asset impairment losses	2,399,808	1,014,298	2,187,899	882,547
Core business profit attributable to owners of the Company	<u>13,337,010</u>	<u>6,063,014</u>	<u>12,016,924</u>	<u>5,146,167</u>

As at 31 December 2023, equity attributable to owners of the Company amounted to HK\$84,974 million, total assets of the Group amounted to HK\$322,396 million, cash and cash equivalents amounted to HK\$4,083 million, and net debt to shareholders' equity ratio was 188.3%.

	As at 31 December	
	2023	2022
Equity attributable to owners of the Company (<i>HK\$'000</i>)	84,973,689	82,238,602
Total assets (<i>HK\$'000</i>)	322,395,990	283,387,646
Cash and cash equivalents (<i>HK\$'000</i>)	4,082,972	7,721,275
Pledged and restricted bank deposits (<i>HK\$'000</i>)	418,538	116,466
Bank and other borrowings (<i>HK\$'000</i>)	164,531,805	138,319,399
Net debt to shareholders' equity (%)	188.3	158.7
EBITDA interest coverage (<i>times</i>) ^(Note)	7.3	5.6

Note: Excluding non-cash income and expenses, such as loss on disposal of assets, impairment losses and exchange gains and losses.

BUSINESS REVIEW FOR 2023

Generation capacity

As at the end of 2023, the Group had operational generation capacity of 77,324MW and attributable operational generation capacity of 59,764MW, out of which, the attributable operational generation capacity of the thermal power plants amounted to 37,167MW or 62.2%. The total attributable operational generation capacity of wind, photovoltaic and hydro power projects amounted to 22,597MW or 37.8%, representing an increase of 5.5 percentage points from the end of 2022.

As at the end of 2023, the Group's attributable operational generation capacity of wind power amounted to 18,618MW, with 7,304MW under construction. Attributable operational generation capacity of photovoltaic power amounted to 3,442MW, with 6,056MW under construction. During 2023, the attributable generation capacity of newly commissioned wind power and photovoltaic power projects amounted to 3,106MW and 2,230MW, respectively.

In 2023, new grid-connected generation capacity of wind and photovoltaic power of the Group was 6,458MW, and acquired attributable generation capacity of renewable energy projects of the Group amounted to approximately 1,220MW, adding up to 7,678MW. During the year, the Group acquired the following renewable energy projects: (1) 100% equity interest in six centralized wind power projects, 95% equity interest in one centralized wind power project and 94% equity interest in one centralized wind power project in Guangdong Runneng New Energy Company Limited (廣東潤能新能源有限公司) with a generation capacity of approximately 440.3MW and an attributable generation capacity of approximately 434.9MW in consideration of RMB1.44 billion for such equity transaction through an acquisition agreement; (2) 100% equity interest in the 400MW wind power project in Gansu of Zhangye Lilong New Energy Development Company Limited (甘肅省張掖市立隴新能源開發有限公司), a subsidiary of Shanghai Electric Wind Power Group Company Limited (上海電氣風電集團股份有限公司), in consideration of RMB944 million through a public bidding process; (3) 100% equity interest in the 100MW wind power project in Gansu of Jinchang Yongneng New Energy Company Limited (甘肅省金昌永能新能源有限公司), a subsidiary of Shanghai Electric Wind Power Group Company Limited (上海電氣風電集團股份有限公司), in consideration of RMB204 million through a public bidding process; and (4) 38.25% equity interest in a total of 744.4MW renewable energy projects, which comprise of 673MW hydroelectric power plants, 67.8MW wind power projects and 3.6MW photovoltaic power projects, through the reorganization with Chongqing Energy Investment Group (重慶能源集團). Currently, these projects have been put into operation.

In 2023, the Group obtained 19,500MW of renewable energy development and construction permits, including 9,740MW of wind power and 9,760MW of photovoltaic power.

During the year, the attributable operational generation capacity of the newly commissioned thermal power projects of the Group amounted to 967MW, including a 350MW unit in Ningwu Power Plant, Shanxi, 50% owned by the Group; a 660MW unit in Yunfu Power Plant, Guangdong, 80% owned by the Group; and a 660MW unit in Fuyang Power Plant (Phase II), Anhui, 40% owned by the Group.

Net generation volume

In 2023, there was a year-on-year increase in the power demand in the PRC. During the year, the total net generation volume of the Group's consolidated power plants amounted to 193,265GWh, up by 4.7% from 2022. Net generation volume of wind farms and photovoltaic power stations increased by 12.4% and 111.8%, respectively, while net generation volume of consolidated thermal power plants increased by 2.3% year-on-year.

The average full-load equivalent utilisation hours of the operational wind farms throughout the year were 2,451 hours, increase by 53 hours or 2.2% as compared to 2022, exceeding the national average utilisation hours of wind power generation units by 226 hours. The average full-load equivalent utilisation hours of photovoltaic power stations were 1,480 hours, decreased by 30 hours or 2.0% as compared to 2022, exceeding the national average utilisation hours for photovoltaic power generation units by 194 hours. On a same plant basis, the average full-load equivalent utilization hours of the consolidated coal-fired power plants was 4,688 hours, remained basically the same as 2022, exceeding the national average utilisation hours of thermal power units by 222 hours.

In 2023, the net generation volume of the consolidated power plants that followed market-based pricing accounted for 85%. The average market tariff was 18% higher than that of the benchmark on-grid tariff.

Fuel costs

In 2023, the average unit fuel cost of consolidated coal-fired power plants was RMB296.3 per MWh, representing a decrease of 12.6% as compared to 2022. Average unit cost of standard coal was RMB987.5 per tonne, representing a decrease of 12.6% as compared to 2022.

Average net generation standard coal consumption rate of consolidated coal-fired power plants was 297.17g per kWh, representing a decrease of 0.08g or 0.03% as compared to 2022.

Capital expenditure

In 2023, cash capital expenditure of the Group amounted to approximately HK\$44,734 million, of which approximately HK\$31,934 million was used in the construction of wind and photovoltaic power plants, approximately HK\$7,474 million was used in the construction of thermal power units, approximately HK\$1,248 million was used in the technological upgrades of operational power generation units, approximately HK\$610 million was used in the construction of coal mines, and approximately HK\$3,468 million was used in the construction of integrated energy and other projects.

FUTURE PROSPECTS

Development of renewable energy

The Group will continue to make every effort to accelerate the development and construction of wind and photovoltaic power projects. In the “14th Five-year Plan” period, the Group aims to increase its installed capacity of renewable energy by 40GW. It is expected that the mix of installed capacity of renewable energy will exceed 50% by the end of the “14th Five-year Plan” period (i.e. the end of 2025). To this end, the Group has further optimised the organisational structure, mobilising employees and managers to develop new wind and photovoltaic power projects in our domestic target markets.

The generation capacity target for new wind and photovoltaic power projects of the Group for 2024 is expected to be 10,000MW.

Carbon emission reduction

The Group has formulated the carbon peak and carbon neutrality action plans to provide guidance for the path to achieve the targets of carbon peak and carbon neutrality. The path for the Group to lower its carbon emissions includes, among others, proactive development of renewable energy; strict control over new construction of coal-fired power generation units; reduction of coal consumption through increasing heat supply, biomass coupling and technological transformations; and active piloting of carbon capture, utilisation and storage (“CCUS”) technologies.

The Group will actively assist industrial and commercial end-users and government units to improve energy consumption efficiency, accelerate the construction of roof-top photovoltaic power projects, help end-users and the whole society to utilise renewable energy, reduce carbon emissions and collaborate with end-users to pilot the construction of low carbon and zero emission projects.

To facilitate the achievement of the carbon emission reduction targets, the Group explicitly includes carbon emission reduction and renewable energy development in the performance contracts of the senior management, and the key performance indicators include, among others, capacity mix of renewable energy, new grid-connected capacity of renewable energy, and carbon emission intensity in power generation, and evaluates actual performance.

Capital expenditure

The cash capital expenditure in 2024 is expected to be approximately HK\$59,900 million, including approximately HK\$44,600 million for the construction of wind and photovoltaic power plants, approximately HK\$7,900 million for the construction of thermal power units, approximately HK\$1,500 million for the technological upgrades of operational power generation units, approximately HK\$700 million for the construction of coal mines, and approximately HK\$5,200 million for the construction of integrated energy and other projects.

In 2024, the Group expects to commission an attributable capacity of approximately 927.2MW of thermal power generation units, including one unit at Guangdong Yunfu Power Plant, one unit at Shenyang Power Plant and a gas-fired distributed project.

OPERATING RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Turnover	<u>103,334,322</u>	<u>103,305,097</u>
Operating expenses		
Fuels	(54,508,982)	(64,283,171)
Depreciation and amortisation	(14,720,207)	(14,429,592)
Employee benefit expenses	(7,186,895)	(6,631,593)
Repairs and maintenance	(2,321,095)	(2,471,245)
Consumables	(1,166,807)	(1,300,504)
Impairment charges	(2,748,698)	(1,045,216)
Tax and surcharges	(864,572)	(760,607)
Others	<u>(3,862,900)</u>	<u>(2,997,806)</u>
Total operating expenses	<u>(87,380,156)</u>	<u>(93,919,734)</u>
Other income	2,029,731	1,981,567
Other gains and losses	<u>214,499</u>	<u>2,184,149</u>
Operating profit	18,198,396	13,551,079
Finance costs	(4,240,637)	(3,890,192)
Share of results of associates	1,183,055	(112,676)
Share of results of joint ventures	<u>358,283</u>	<u>(86,737)</u>
Profit before income tax	15,499,097	9,461,474
Income tax expense	<u>(3,388,602)</u>	<u>(1,905,574)</u>
Profit for the year	<u><u>12,110,495</u></u>	<u><u>7,555,900</u></u>
Profit for the year attributable to:		
Owners of the Company	11,003,283	7,042,478
Perpetual capital securities holders	329,260	420,295
Other non-controlling interests	<u>777,952</u>	<u>93,127</u>
	<u><u>12,110,495</u></u>	<u><u>7,555,900</u></u>
Basic earnings per share	<u><u>HK\$2.29</u></u>	<u><u>HK\$1.46</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Profit for the year	<u>12,110,495</u>	<u>7,555,900</u>
Other comprehensive income (expense):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(2,154,503)	(13,116,546)
Share of other comprehensive expense of investments accounted for using the equity method	(10,818)	(555,911)
Release to profit or loss in relation to disposal of subsidiaries	(26,336)	(2,862)
Release to profit or loss in relation to disposal of a joint venture	37,809	–
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes on equity investments at fair value through other comprehensive income (“FVOCI”), net of tax	72,289	45,581
Remeasurement of defined benefit pension plan	<u>19,410</u>	<u>21,624</u>
Other comprehensive expense for the year, net of tax	<u>(2,062,149)</u>	<u>(13,608,114)</u>
Total comprehensive income (expense) for the year, net of tax	<u>10,048,346</u>	<u>(6,052,214)</u>
Attributable to:		
Owners of the Company	9,006,927	(5,895,145)
Perpetual capital securities holders	329,260	420,295
Other non-controlling interests	<u>712,159</u>	<u>(577,364)</u>
Total comprehensive income (expense) for the year, net of tax	<u>10,048,346</u>	<u>(6,052,214)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	215,752,142	191,355,953
Right-of-use assets	9,357,173	6,635,994
Goodwill	1,158,587	621,904
Mining rights	3,764,928	3,836,360
Contractual rights	994,500	–
Deferred tax assets	1,083,928	1,075,072
Other receivables and prepayments	17,539,436	12,533,739
Interests in associates	16,671,370	9,050,331
Interests in joint ventures	5,456,247	5,997,336
Financial assets at FVOCI	986,479	1,118,396
Loans to a FVOCI investee company	–	466,255
Loans to a non-controlling shareholder of a subsidiary	13,794	13,994
	<u>272,778,584</u>	<u>232,705,334</u>
Current assets		
Inventories	4,016,944	4,581,614
Trade receivables, other receivables and prepayments	40,467,098	35,616,097
Loans to joint ventures	211,977	189,121
Loans to a FVOCI investee company	–	84,102
Amounts due from associates	332,324	241,196
Amounts due from joint ventures	61,146	47,395
Amounts due from other related companies	26,407	33,533
Pledged and restricted bank deposits	418,538	116,466
Cash and cash equivalents	4,082,972	7,721,275
	<u>49,617,406</u>	<u>48,630,799</u>
Assets classified as held for sale	–	2,051,513
Total assets	<u><u>322,395,990</u></u>	<u><u>283,387,646</u></u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	22,316,710	22,316,710
Other reserves	9,361,021	10,138,976
Retained earnings	53,295,958	49,782,916
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Equity attributable to owners of the Company	84,973,689	82,238,602
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Perpetual capital securities holders	10,664,271	10,664,271
Other non-controlling interests	8,909,181	7,650,675
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Total equity	<u>104,547,141</u>	<u>100,553,548</u>
LIABILITIES		
Non-current liabilities		
Borrowings	125,827,123	93,322,133
Contract liabilities	997,247	873,021
Lease liabilities	2,020,456	1,048,403
Deferred tax liabilities	431,461	288,864
Deferred income	785,953	808,519
Retirement and other long-term employee benefits obligations	779,045	807,751
Other long-term payables	2,945,310	2,802,332
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	133,786,595	99,951,023
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Current liabilities		
Trade payables, other payables and accruals	36,424,348	30,247,926
Contract liabilities	1,351,403	1,233,004
Lease liabilities	307,352	217,924
Amounts due to associates	91,664	627,790
Amounts due to joint ventures	646,811	576,082
Amounts due to other related companies	10,868,925	10,840,890
Tax liabilities	1,007,069	543,720
Borrowings	33,364,682	38,383,441
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	84,062,254	82,670,777
	<hr/>	<hr/>
Liabilities associated with assets classified as held for sale	–	212,298
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Total liabilities	<u>217,848,849</u>	<u>182,834,098</u>
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Total equity and liabilities	<u>322,395,990</u>	<u>283,387,646</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit before income tax	15,499,097	9,461,474
Adjustments for:		
Depreciation and amortisation	14,720,207	14,429,592
Impairment losses	2,748,698	1,045,216
Exchange gains	(66,081)	(1,993,762)
Interest expense	4,240,637	3,890,192
Interest income	(125,119)	(192,451)
Share of results of associates	(1,183,055)	112,676
Share of results of joint ventures	(358,283)	86,737
Dividends income from FVOCI investee companies	(59,690)	(57,727)
Gains on disposal of property, plant and equipment	(124,537)	(33,366)
Gains on disposal of right-of-use assets	(31,469)	(90,987)
Gains on disposal of subsidiaries	(47,029)	(32,137)
Losses on disposal of a joint venture	55,806	–
Changes in working capital:		
Decrease in inventories	510,337	1,742,320
Increase in trade receivables, other receivables and prepayments	(4,614,076)	(2,557,534)
Increase in trade payables, other payables and accruals	721,769	335,197
Decrease in retirement and other long-term employee benefits obligations	(19,854)	(115,424)
Income tax paid	(2,998,080)	(1,863,277)
Net cash inflows generated from operating activities	28,869,278	24,166,739

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
INVESTING ACTIVITIES		
Dividends received from associates and joint ventures	916,532	659,759
Dividends received from FVOCI investee companies	59,690	93,766
Interest received	–	9,065
Proceeds from disposal of property, plant and equipment and right-of-use assets	177,192	103,994
Proceeds from disposal of subsidiaries	127,139	–
Payments for purchase of property, plant and equipment, mining rights and right-of-use assets	(38,776,747)	(32,579,796)
Cash outflow on acquisition of interest in associates	(3,106,885)	–
Capital contributions into associates	(492,360)	(586,550)
Capital contributions into joint ventures	(258,197)	(880,968)
Loans to joint ventures	(19,137)	–
Loans repayments from joint ventures	–	140,533
Net cash outflow on acquisition of interest in subsidiaries	(1,909,421)	(1,101)
Cash prepayment on acquisition of equity investments	–	(723,698)
Government grants related to assets	–	20,825
Repurchase of Asset-Backed Notes	(703,406)	(102,916)
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Net cash outflows generated from investing activities	(43,985,600)	(33,847,087)
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	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
FINANCING ACTIVITIES		
Proceeds from borrowings	93,903,965	62,229,310
Repayment of borrowings	(68,587,455)	(43,383,069)
Proceeds from issuance of perpetual capital securities	–	10,664,624
Redemption of corporate bonds	(2,179,680)	(5,776,692)
Redemption of perpetual capital securities	–	(10,558,855)
Capital contribution by non-controlling interests	681,399	509,297
Capital reduction by non-controlling interests	(57,893)	(14,707)
Cash prepayments on acquisition of a non-controlling interest	(75,609)	–
(Repayment of advances from) advances from an intermediate holding company	(1,303,536)	3,571,843
Repayment of advances from associates	(528,310)	(76,001)
(Repayment of advances from) advances from joint ventures	(40,068)	73,807
Repayment of advances from other related companies	(263,020)	(112,736)
(Repayment of advances from) advances from non-controlling interests of subsidiaries	(73,853)	15,814
Interest on bank loans and advances from associates and joint ventures paid	(4,893,060)	(4,387,972)
Dividends paid to owners of the Company	(3,385,718)	(1,226,311)
Dividends paid to non-controlling interests of subsidiaries	(613,473)	(235,267)
Repayment of lease liabilities	(425,530)	(713,919)
Interest paid to perpetual capital securities holders	(329,185)	(420,295)
Underwriting fees for issuance of perpetual capital securities	–	(353)
Net cash inflows generated from financing activities	<u>11,828,974</u>	<u>10,158,518</u>
Net (decrease) increase in cash and cash equivalents	(3,287,348)	478,170
Cash and cash equivalents at the beginning of the year	7,721,275	7,934,211
Effect of foreign exchange rate changes	<u>(350,955)</u>	<u>(690,764)</u>
Analysis of the balances of cash and cash equivalents at the end of the year, represented by:		
Cash and cash equivalents at the end of the year	4,082,972	7,721,275
Cash and cash equivalents included in assets classified as held for sale	–	342
	<u>4,082,972</u>	<u>7,721,617</u>

Changes in accounting policies and disclosures

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

Other than additional accounting policies as resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amended HKFRSs in the current year has no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts of application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Pursuant to the transition provisions:

- (i) The Group has applied the new accounting policy retrospectively to lease transactions that occurred on or after 1 January 2022;
- (ii) The Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities and decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related asset.

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

Impacts of application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has no material impact on the financial position and performance of the Group.

The Group has not early adopted new and amended standards that have been issued but are not effective for the financial year beginning after 1 January 2023

Certain new accounting standards and interpretations have been published during the year that are not mandatory for the period ended 31 December 2023 (“reporting period”) and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue received and receivable arising from sales of electricity and heat, net of value-added tax, during the year.

	HK\$'000		RMB'000	
	2023	2022	2023	2022
Sales of electricity	95,507,335	95,287,340	85,904,594	81,708,937
Including: Sales of power generated from thermal power plants	72,226,248	73,953,560	64,989,795	62,766,313
Sales of power generated from renewable energy	23,281,087	21,333,780	20,914,799	18,942,624
Heat supply	7,826,987	8,017,757	6,999,107	6,842,884
	<u>103,334,322</u>	<u>103,305,097</u>	<u>92,903,701</u>	<u>88,551,821</u>

The Group’s turnover for 2023 was HK\$103,334 million, representing an increase of HK\$29 million or 0.03% from HK\$103,305 million in 2022. In RMB terms, the turnover for 2023 was RMB92,904 million, representing an increase of RMB4,352 million or 4.9% from RMB88,552 million in 2022. The increase is mainly attributable to (1) a year-on-year increase of 4.7% in net generation volume of consolidated power plants; and (2) a year-on-year increase of 2.1% in the average price of heat sales from consolidated power plants; however, the increase was partially offset by (1) a year-on-year decrease of 3.4% in the average on-grid tariff of consolidated wind power projects; and (2) a year-on-year decrease in the amount presented in Hong Kong Dollar (“HKD”) arising from the depreciation of Renminbi (“RMB”) against HKD.

At present, the Group is engaged in two business segments – thermal power (including coal-fired power and gas-fired power) and renewable energy (including wind, photovoltaic and hydro power).

The following is an analysis of the Group's revenue and results by business segments:

For the year ended 31 December 2023

	Thermal power <i>HK\$'000</i>	Renewable energy <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
External sales	<u>80,053,235</u>	<u>23,281,087</u>	<u>103,334,322</u>
Segment profit	<u>5,472,131</u>	<u>9,960,885</u>	15,433,016
Exchange gains, net			<u>66,081</u>
Profit before income tax			<u><u>15,499,097</u></u>
Profit attributable to owners of the Company (before non-cash exchange gains and losses)	2,854,877	8,082,325	10,937,202
Asset impairment losses	<u>756,622</u>	<u>1,643,186</u>	<u>2,399,808</u>
Core business profit attributable to owners of the Company	<u><u>3,611,499</u></u>	<u><u>9,725,511</u></u>	<u><u>13,337,010</u></u>

For the year ended 31 December 2022

	Thermal power HK\$'000	Renewable energy HK\$'000	Total HK\$'000
Segment revenue			
External sales	<u>81,971,317</u>	<u>21,333,780</u>	<u>103,305,097</u>
Segment (loss) profit	<u>(2,540,676)</u>	<u>10,008,388</u>	7,467,712
Exchange gains, net			<u>1,993,762</u>
Profit before income tax			<u><u>9,461,474</u></u>
(Loss) profit attributable to owners of the Company (before non-cash exchange gains and losses)	(3,430,412)	8,479,128	5,048,716
Asset impairment losses	<u>848,464</u>	<u>165,834</u>	<u>1,014,298</u>
Core business (loss) profit attributable to owners of the Company	<u><u>(2,581,948)</u></u>	<u><u>8,644,962</u></u>	<u><u>6,063,014</u></u>

Geographical information

Substantially all of the Group's non-current assets are located in the PRC, and operations are also substantially carried out in the PRC.

Operating expenses

Operating expenses mainly comprise fuel costs, depreciation and amortisation, employee benefit expenses, repairs and maintenance, consumables, impairment losses, tax and surcharges and other operating expenses. Other operating expenses include office rent, water charges, utility expenses, production safety expenses and other management expenses. Total operating expenses for 2023 amounted to HK\$87,380 million, representing a decrease of HK\$6,540 million or 7.0% from HK\$93,920 million for 2022.

Fuel costs decreased by HK\$9,774 million or 15.2% from HK\$64,283 million for 2022 to HK\$54,509 million for 2023, mainly due to (1) a decrease in the unit price of standard coal of consolidated coal-fired power plants by 12.6% year-on-year; (2) a year-on-year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD, however, the decrease was partially offset by the increase in the power sales volume of consolidated coal-fired power plants by 2.1% year-on-year.

Depreciation and amortisation increased by HK\$290 million or 2.0% from HK\$14,430 million for 2022 to HK\$14,720 million for 2023, mainly due to the increase in depreciation cost arising from the commencement of new projects, however, the increase declined due to (1) the decrease in the depreciation cost resulted from the expiration of depreciation of part of thermal power units; and (2) a year-on-year decrease of the figures presented in HKD arising from the depreciation of RMB against HKD.

Employee benefit expenses increased by HK\$555 million or 8.4% from HK\$6,632 million for 2022 to HK\$7,187 million for 2023, mainly due to the dual impact of the commissioning of new projects and a year-on-year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD.

Repairs and maintenance decreased by HK\$150 million or 6.1% from HK\$2,471 million for 2022 to HK\$2,321 million for 2023, mainly due to (1) repairs and maintenance expenses related to production safety being expensed through production safety expenses during the reporting period; and (2) a year-on-year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD, however, the decrease was partly offset by an increase in the workload of repair and maintenance.

Consumables decreased by HK\$134 million or 10.3% from HK\$1,301 million for 2022 to HK\$1,167 million for 2023, mainly due to (1) the decrease in unit consumption of materials brought by the implementation of technology transformation and optimization of the operation methods by the Company; (2) material cost related to production safety being expensed through production safety expenses during the reporting period; and (3) a year-on-year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD.

Impairment charges increased by HK\$1,704 million or 163.1% from HK\$1,045 million for 2022 to HK\$2,749 million in 2023, mainly due to (1) an impairment provision of HK\$564 million was made for entrusted loan of Yunnan Nujiang Hydropower (雲南怒江水電); (2) an impairment provision of long term asset HK\$1,654 million was made for the Guizhou Coal-fired Power Integration Project (貴州煤電一體化項目), Zhuhai Gas-fired Power (珠海氣電) and Xishuangbanna Project (西雙版納項目); and (3) an impairment provision of HK\$197 million was made for trade receivables in respect of renewable energy subsidies based on the assessment of ECL.

Tax and surcharges increased by HK\$104 million or 13.7% from HK\$761 million for 2022 to HK\$865 million for 2023, mainly due to (1) an increase in value-added tax and an increase in the amount of urban maintenance and construction tax and education surcharge payables; and (2) a year-on-year increase of resource tax arising from joint trial operation for Wujianfang Xiyi Coal Mine, however, the increase was partly offset by a reduction in environment tax paid.

Other operating expenses amounted to HK\$3,863 million, representing an increase of HK\$865 million or 28.9% from HK\$2,998 million for 2022. Other operating expenses mainly included (1) expenses related to production safety of HK\$852 million expensed during the year, which is specially aggregated and accounted by the Company as safety production expenses pursuant to the Administrative Measures for the Withdrawal and Use of Production Safety Expenses (《企業安全生產費提取和使用管理辦法》) issued and implemented by the Ministry of Finance and the Ministry of Emergency Management on 21 November 2022; (2) other production costs such as water charges, utility expenses and electricity transaction fees amounting to a total of HK\$2,131 million; and (3) other administrative expenses such as office rents, building management fees, professional fees and administrative charges and other administrative costs amounting to a total of HK\$880 million.

Other income

Other income amounted to HK\$2,030 million, representing an increase of HK\$48 million or 2.4% from HK\$1,982 million for 2022, which was mainly attributable to the increase of government grant. Other income for 2023 mainly included, among others, government grant of HK\$800 million, sales of by-products of HK\$535 million, income from service fees of HK\$229 million and interest income of HK\$125 million.

Other gains and losses

Other gains amounted to HK\$214 million, representing a decrease of HK\$1,970 million or 90.2% from HK\$2,184 million in 2022, mainly due to a decrease in exchange gains. Other gains and losses for 2023 mainly comprised of exchange gains of HK\$66 million and gains on disposal of right-of-use assets and property, plant and equipment of HK\$156 million. Exchange gains mainly arise from RMB loans obtained by the Company in the Hong Kong Special Administrative Region of the PRC (“Hong Kong”) market. Although cash flows are in line with the income from the business of the Group, however the depreciation of RMB against HKD has resulted in book gains in the financial statements denominated in HKD.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for 2023 amounted to HK\$18,198 million, representing an increase of HK\$4,647 million or 34.3% from HK\$13,551 million for 2022. The increase in operating profit was mainly due to (1) a year-on-year decrease in the unit price of standard coal of consolidated coal-fired power plants; and (2) profit contribution from newly commissioned projects; which was offset by the effects of (1) a year-on-year decrease in the average on-grid tariff of consolidated wind energy projects and (2) a year-on-year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD.

Finance costs

Finance costs for 2023 amounted to HK\$4,241 million, representing an increase of HK\$351 million or 9.0% from HK\$3,890 million in 2022, mainly due to (1) an increase in amount of borrowings; and (2) commissioning of power generation units, resulting in an increase in finance costs; which was offset by the effects of (1) the decline in the average interest rate on borrowings; and (2) a year-on year decrease in the figures presented in HKD arising from the depreciation of RMB against HKD.

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on borrowings	4,570,204	4,357,490
Interest on corporate bonds	91,482	190,109
Interest on loans from related parties	285,521	132,545
Interest on lease liabilities	19,342	25,298
Others	74,494	92,370
	<hr/>	<hr/>
	5,041,043	4,797,812
Less: Interest capitalised in construction in progress	<hr/> (800,406)	<hr/> (907,620)
	<hr/> 4,240,637	<hr/> 3,890,192

Share of results of associates

Share of results of associates for 2023 was a profit of RMB1,183 million, mainly due to profit of coal-fired power associates resulting from a decrease in fuel cost, and share of results of associates for 2022 was a loss of HK\$113 million.

Share of results of joint ventures

Share of results of joint ventures for 2023 was a profit of HK\$358 million, mainly due to profit of the joint venture power enterprises resulting from a decrease in fuel cost, and share of results of joint ventures for 2022 was a loss of HK\$87 million.

Income tax expenses

Income tax expenses for 2023 amounted to HK\$3,389 million, representing an increase of HK\$1,483 million or 77.8% from HK\$1,906 million for 2022, mainly due to (1) an increase in the profit from consolidated coal-fired power plants resulting in an increase in income tax expenses; and (2) an increase in income tax expenses for renewable energy projects not entitled to tax exemption.

Details of the income tax expenses for the years ended 31 December 2023 and 2022 are set out below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax –		
PRC Enterprise Income Tax	3,435,078	2,076,220
Deferred taxation credit	<u>(46,476)</u>	<u>(170,646)</u>
	<u><u>3,388,602</u></u>	<u><u>1,905,574</u></u>

No provision for Hong Kong profits tax has been made as the Group had no taxable profit or incurred tax losses in Hong Kong for both years.

PRC Enterprise Income Tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to the subsidiaries in the PRC under the Corporate Income Tax Law of the People's Republic of China.

Operating profit for the year

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
– Fees	1,880	2,038
– Salaries and bonus	12,562	10,168
– Pension costs	436	454
	<hr/>	<hr/>
	14,878	12,660
Wages, salaries and bonus	6,055,367	5,586,739
Pension costs – retirement benefit schemes	1,101,023	1,031,001
Termination benefit costs	15,627	1,193
	<hr/>	<hr/>
Total staff costs	7,186,895	6,631,593
Auditor's remuneration	14,595	13,875
Cost of inventories recognised as expenses	55,675,789	65,583,675
Depreciation and amortisation	14,720,207	14,429,592
Impairment charges	2,748,698	1,045,216
	<hr/>	<hr/>
And after adding the following items:		
Dividend income from FVOCI investee companies	59,690	57,727
Government grants	800,443	716,602
Interest income	125,119	192,451
Sales of by-products	535,125	663,687
Exchange gains, net	66,081	1,993,762
Gains on disposal of subsidiaries	47,029	32,137
Losses on disposal of a joint venture	(55,806)	–
Gains on disposal of property, plant and equipment (included in other gains and losses)	124,537	33,366
Gains on disposal of right-of-use assets (included in other gains and losses)	31,469	90,987
	<hr/>	<hr/>
Expenses capitalised in construction in progress:		
Other staff costs	482,295	282,829
Pension costs	74,335	43,630
Depreciation and amortisation	165,139	122,596
	<hr/> <hr/>	<hr/> <hr/>

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company increased from approximately HK\$7,042 million in 2022 to approximately HK\$11,003 million in 2023, representing a year-on-year increase of 56.2%.

Earnings per share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>11,003,283</u>	<u>7,042,478</u>
	2023	2022
Weighted average number of ordinary shares in issue	<u>4,810,443,740</u>	<u>4,810,443,740</u>
	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Basic earnings per share	<u>2.29</u>	<u>1.46</u>

Final dividend and closure of register of members

The Board has resolved to recommend a final dividend of HK\$0.587 per share for 2023 (2022: HK\$0.376 per share).

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividends distributed during the year:		
2023 Interim, paid – HK\$0.328 per share (2022: HK\$0.21 per share)	1,577,826	1,010,193
2022 Final, paid – HK\$0.376 per share (2021: HK\$0.045 per share)	1,808,727	216,470
Special, approved-HK\$0.5 per share (2022: nil)	<u>2,405,222</u>	<u>–</u>
	<u>5,791,775</u>	<u>1,226,663</u>
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2023 of HK\$0.587 per share (2022: HK\$0.376)	<u>2,823,730</u>	<u>1,808,727</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 5 June 2024 (“2024 AGM”), the proposed 2023 final dividend (“2023 Final Dividend”) will be distributed on Monday, 22 July 2024 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 12 June 2024.

The 2023 Final Dividend will be paid in HKD to each shareholder. However, shareholders may elect to receive the 2023 Final Dividend in RMB in cash.

Shareholders may elect to receive the entire 2023 Final Dividend at the average benchmark rate of HKD against RMB as published by the People’s Bank of China for the five business days preceding the date of the 2024 AGM (i.e. 5 June 2024) (including the date of the 2024 AGM), but not a part thereof, except that HKSCC Nominees Limited may elect to receive part of its final dividend in RMB. Details of the dividend currency election will be set out in a circular to be sent to shareholders by the Company in late April 2024 and the dividend currency election form will be sent to shareholders as soon as possible after the 2024 AGM.

For determining the entitlement to attend, speak and vote at the AGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend, speak and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 30 May 2024.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2023, the register of members of the Company will be closed on Wednesday, 12 June 2024 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 11 June 2024.

Capital structure management

The Group and the Company manage capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity structures. The Group’s and the Company’s overall strategy remain consistent as in prior years.

The capital structure of the Group consists of net debts (including long-term and short-term bank borrowings, corporate bonds and loans from related parties), cash and cash equivalents, pledged and restricted bank deposits and equity attributable to owners of the Company (comprising issued share capital, reserves and retained earnings).

The Board reviews the capital structure on a periodic basis. As part of the review, the Board considers the cost of capital and the risks associated with each class of capital. Based on the resolution of the Board, the Group will balance its overall capital structure through payment of dividends, new share issues and share buy-backs as well as by issuance of new debts or repayment of existing debts.

Liquidity and financial resources, borrowings and charge of assets

As at 31 December 2023, the Group had net current liabilities of HK\$34,445 million. The Directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due at least for the coming twelve months from the balance sheet date. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The cash and cash equivalents as at 31 December 2023 denominated in local currency and foreign currencies amounted to HK\$32 million, RMB3,666 million and US\$0.4952 million and a small amount of Great Britain Pounds (“GBP”).

Bank and other borrowings of the Group as at 31 December 2023 and 2022 are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Secured bank loans	2,026,006	2,150,977
Unsecured bank loans	156,062,319	126,196,157
Corporate bonds	1,103,480	3,358,440
Loans from related parties	5,340,000	6,613,825
	<u>164,531,805</u>	<u>138,319,399</u>

The bank borrowings were repayable as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 year	33,364,682	36,144,481
More than 1 year and within 2 years	22,622,584	18,570,717
More than 2 years and within 5 years	47,905,709	26,531,050
Over 5 years	54,195,350	47,100,886
	<u>158,088,325</u>	<u>128,347,134</u>

The corporate bonds were repayable as follows:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	–	2,238,960
More than 1 year and within 2 years	–	–
More than 2 years and within 5 years	1,103,480	1,119,480
	<u>1,103,480</u>	<u>1,119,480</u>
	<u>1,103,480</u>	<u>3,358,440</u>

The above bank and other borrowings are secured by:

Pledge of assets	<u>2,319,159</u>	<u>2,574,925</u>
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Note: Certain bank loans were secured by the Group's buildings, power generating plants and equipment with carrying value of HK\$1,877,991,000 (2022: HK\$2,155,051,000) and HK\$441,168,000 (2022: HK\$419,874,000) respectively.

Bank and other borrowings as at 31 December 2023 denominated in local currency and foreign currencies amounted to HK\$10,301 million, RMB139,758 million and EUR1.20 million respectively.

As at 31 December 2023, bank and other borrowings amounted to HK\$10,301 million (2022: HK\$24,471 million, GBP129 million) bore interest at a range from HIBOR plus 0.55% to HIBOR plus 0.9% per annum, the remaining bank and other borrowings carried interest rates at a range from 1.5% to 4.45% (2022: 0.1% to 4.55%) per annum.

As at 31 December 2023, the ratio of the Group's net debt to shareholders' equity was 188.3%, and the ratio of total debt to total capitalisation was 61.1%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2023, the Group's primary sources of funding included proceeds from borrowings, dividend income, capital contribution by non-controlling interests, proceeds from disposal of property, plant and equipment and right-of-use assets and net cash inflows generated from operating activities, which amounted to HK\$93,904 million, HK\$976 million, HK\$681 million, HK\$177 million and HK\$28,869 million, respectively. The Group's funds were primarily used for the amounts paid for the repayment of borrowings, payments for purchase of property, plant and equipment, mining rights and right-of-use assets, as well as interest payment, dividend payment, cash outflow on acquisition of interest in associates, redemption of corporate bonds and net cash outflow on acquisition of interest in subsidiaries, which amounted to HK\$68,587 million, HK\$38,777 million, HK\$5,222 million, HK\$3,999 million, HK\$3,107 million, HK\$2,180 million, and HK\$1,909 million, respectively.

Trade receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables from contracts with customers		
Accounts receivable	33,024,477	27,908,433
Notes receivable	129,005	443,265
	<hr/>	<hr/>
	33,153,482	28,351,698
Less: loss allowance for trade receivables	(327,478)	(140,399)
	<hr/>	<hr/>
	<u>32,826,004</u>	<u>28,211,299</u>

Trade receivables are generally due within 60 days from the billing date, except for the portion of wind or photovoltaic power electricity tariff beyond the local thermal power benchmark tariff. The settlement of the portion of wind or photovoltaic power electricity tariff beyond the local thermal power benchmark tariff is subject to approval by the government and being included in the renewable energy tariff subsidy directory. Thereafter, funds to the local grid companies are disbursed by the government, resulting in a relatively longer time for settlement.

The following is an ageing analysis of trade receivables by invoice date included in trade and other receivables at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	10,808,248	13,925,127
31 – 60 days	3,747,475	1,009,613
Over 60 days	18,597,759	13,416,958
	<hr/>	<hr/>
	<u>33,153,482</u>	<u>28,351,698</u>

Trade payables

The following is an ageing analysis of trade payables by invoice date included in trade and other payables at the end of the reporting period:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 – 30 days	4,042,101	5,654,223
31 – 90 days	1,024,761	941,476
Over 90 days	950,111	1,609,684
	<u>6,016,973</u>	<u>8,205,383</u>

Average credit term for purchase of goods is 90 days.

Key financial ratios of the Group

	2023	2022
Current ratio (<i>times</i>)	0.59	0.61
Quick ratio (<i>times</i>)	0.54	0.56
Net debt to shareholders' equity ratio (%)	188.3	158.7
EBITDA interest coverage (<i>times</i>) ^(Note)	7.3	5.6

Current ratio = balance of current assets at the end of the year/balance of current liabilities at the end of the year

Quick ratio = (balance of current assets at the end of the year – balance of inventories at the end of the year)/balance of current liabilities at the end of the year

Net debt to shareholders' equity ratio = (balance of borrowings at the end of the year – balance of cash and cash equivalents at the end of the year – balance of pledged cash at the end of the year)/balance of equity attributable to owners of the Company at the end of the year

EBITDA interest coverage = (profit before taxation + interest expenses + depreciation and amortisation)/interest expenses (including capitalized interest)

Note: Excluding non-cash income and expenses, being loss on disposal of assets, impairment losses and exchange gains and losses.

Foreign exchange risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenses, including expenses incurred in its operations and capital expenditure, are also denominated in RMB. Dividends receivable from subsidiaries and associates are collected in RMB, HKD and GBP.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the Chinese government. The exchange rates may also be affected by economic developments, political changes and supply and demand. The appreciation or devaluation of RMB against HKD and United States Dollar ("USD") may have positive or negative impact on the results of operations of the Group.

The functional currency of major project companies of the Group is RMB, the revenue and expenses are mainly denominated in RMB, foreign exchange risk mainly arises from borrowings denominated in HKD. However, certain entities are located in Hong Kong and their functional currencies are HKD, their foreign exchange risk mainly arises from balances denominated in RMB and borrowings denominated in RMB and GBP.

In addition, given there are different functional currencies within the Group, there is still foreign exchange risk which arises from the transactions and balances within the Group even after intragroup eliminations. The carrying amounts of monetary assets and monetary liabilities denominated in foreign currency before elimination as at 31 December 2023 are as follows:

	2023 HK\$'000	2022 HK\$'000
Assets		
USD	69	3,533
RMB	17,826,658	16,621,769
HKD	1,075	136
GBP	147,849	23
	<u>17,875,651</u>	<u>16,625,461</u>
Liabilities		
RMB	48,891,229	33,864,270
HKD	14,440	–
GBP	100	1,207,797
EUR	10,387	10,505
	<u>63,486,156</u>	<u>35,082,572</u>

The Group does not use derivative financial instruments to hedge its exposure against changes in exchange rates of the RMB against HKD and USD.

Events after the balance sheet date

The Group had no significant subsequent event since the end of the financial period.

Contingent liabilities

As at 31 December 2023, there were certain pending litigations and claims against the Group. After consulting the legal counsels, the Directors are of the view that the likelihood of any material adverse financial impact on the Group is remote, and it is not necessary to make further provisions for such litigations and claims.

Employees

The Group had 22,203 employees as at 31 December 2023 (2022: 22,340 employees).

The Company and its subsidiaries have entered into employment contracts with all of their employees. The compensation of employees mainly includes salaries and performance-based bonuses.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions (the "**Code Provision(s)**") set out in Part 2 of the Corporate Governance Code contained in Appendix C1 (formerly Appendix 14) to the Listing Rules except for the deviations set out as follows:

- Following the retirement of Ms. WANG Xiao Bin as the company secretary of the Company (the "**Company Secretary**") with effect from 8 February 2023, the Company had no Company Secretary for the period from 8 February 2023 to 23 April 2023, and was not able to meet the requirements under Rule 3.28 of the Listing Rules. With effect from 24 April 2023, Mr. SO Yiu Fung has been appointed as the Company Secretary and the Company has re-complied with the relevant requirements under Rule 3.28 of the Listing Rules; and
- Since the re-designation of Mr. SHI Baofeng from the position of the president (the "**President**") of the Company to the Chairman of the Board with effect from 24 April 2023, the position of the President has become vacant. Mr. SHI, the Chairman of the Board and our executive Director, temporarily assumed the interim duties and responsibilities of the President during the transition period, and therefore, the Company did not comply with Code Provision C.2.1. The Company is endeavouring to identify suitable candidate(s) with appropriate professional qualifications or relevant expertise to be appointed as the President as soon as practicable. The Company will make further announcement(s) in relation to the above matters as and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules as the code of conduct regarding securities transactions conducted by the Directors. Having made specific enquiries of all Directors, the Company confirmed that all Directors have complied with the required standards set out in the Model Code.

AUDITOR AND THE AUDIT AND RISK COMMITTEE

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by the Company’s auditor, Messrs. Deloitte Touche Tohmatsu. An unqualified auditor’s report will be included in the Annual Report 2023 for dispatch to shareholders. The Audit and Risk Committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2023.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement for the year ended 31 December 2023, have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts as set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The financial information in respect of the years ended 31 December 2023 and 2022 contained in this preliminary announcement of annual results for the year ended 31 December 2023 does not constitute a part of the Company’s statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows: The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3), and Part 3 of Schedule 6, under the Hong Kong Companies Ordinance (Cap.622). The Company will deliver the financial statements for the year ended 31 December 2023 to the Registrar of Companies in due course.

The Company’s auditors have reported on the financial statements of the Group for both years. The auditors’ reports were unqualified, did not make reference to any matters on which the auditors would like to draw attention by way of emphasis without qualifying its reports, and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Companies Ordinance (Cap.622).

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, there is sufficient public float of not less than 25% of the issued shares of the Company as required under the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for 2024 will be held on 5 June 2024 in Hong Kong.

By order of the Board
China Resources Power Holdings Company Limited
SHI Baofeng
Chairman

Hong Kong, 20 March 2024

As at the date of this announcement, the Board of the Company comprises three executive directors, namely Mr. SHI Baofeng (Chairman), Mr. ZHANG Junzheng and Mr. SONG Kui; three non-executive directors, namely Mr. ZHOU Bo, Mr. ZHANG Yingzhong and Mr. CHEN Guoyong; and four independent non-executive directors, namely Ms. LEUNG Oi-sie, Elsie, Dr. CH' IEN Kuo Fung, Raymond, Mr. SO Chak Kwong, Jack and Mr. YANG Yuchuan.