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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 2022

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 2022.

For year 2022, profit attributable to owners of the Company (“Net Profit”) amounted to HK\$7,042 million, representing an increase of HK\$4,904 million or 229.4% from Net Profit of HK\$2,138 million in 2021.

For year 2022, basic earnings per share amounted to HK\$1.46, representing an increase of 229.4% from basic earnings per share of HK\$0.44 in 2021.

In 2022, core profit contribution from renewable energy business amounted to HK\$8,645 million (2021: HK\$8,926 million), and core loss attributable to thermal power business amounted to HK\$2,582 million (2021: loss HK\$5,942 million).

The Board has resolved to recommend a final dividend of HK\$0.376 per share for 2022. Including the interim dividend of HK\$0.21 per share paid in November 2022, total dividend for 2022 is HK\$0.586 per share, representing a dividend payout ratio of 40%.

	For the year ended	
	31 December	
	2022	2021
		<i>(Restated)</i>
Turnover (<i>HK\$'000</i>)	103,305,097	90,414,166
Profit attributable to owners of the Company (<i>HK\$'000</i>)	7,042,478	2,137,849
Basic earnings per share (<i>HK\$</i>)	1.46	0.44
Dividend per share (<i>HK\$</i>)	0.586	0.295
Dividend payout ratio	40%	66%

	HK\$'000		RMB'000	
	2022	2021	2022	2021
		<i>(Restated)</i>		<i>(Restated)</i>
Profit attributable to owners of the Company	7,042,478	2,137,849	5,953,869	1,818,995
Non-cash exchange (gains) losses	(1,993,762)	431,217	(1,690,249)	357,599
Asset impairment losses	1,014,298	414,793	882,547	339,000
Core business profit attributable to owners of the Company	<u>6,063,014</u>	<u>2,983,859</u>	<u>5,146,167</u>	<u>2,515,594</u>

As at 31 December 2022, equity attributable to owners of the Company amounted to HK\$82,239 million, total assets of the Group amounted to HK\$283,388 million, cash and cash equivalents amounted to HK\$7,721 million, and net debt to shareholders' equity ratio was 158.7%.

	As at 31 December	
	2022	2021
		<i>(Restated)</i>
Equity attributable to owners of the Company (<i>HK\$'000</i>)	82,238,602	88,991,769
Total assets (<i>HK\$'000</i>)	283,387,646	287,967,352
Cash and cash equivalents (<i>HK\$'000</i>)	7,721,275	7,934,211
Pledged and restricted bank deposits (<i>HK\$'000</i>)	116,466	152,819
Bank and other borrowings (<i>HK\$'000</i>)	138,319,399	134,747,702
Net debt to shareholders' equity (%)	158.7	142.3
EBITDA interest coverage (<i>times</i>) ⁽¹⁾	5.6	4.8

Note:

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

BUSINESS REVIEW FOR 2022

Generation Capacity

As at the end of 2022, the Group had operational generation capacity of 67,814MW and attributable operational generation capacity of 52,581MW, out of which, the attributable operational generation capacity of our thermal power plants amounted to 35,577MW or 67.7%. The total attributable operational generation capacity of wind, photovoltaic and hydro power projects amounted to 17,004MW or 32.3%, representing an increase of 0.2 percentage point from the end of 2021.

As at the end of 2022, the Group's attributable operational generation capacity of wind power amounted to 15,512MW, with 4,857MW under construction. Attributable operational generation capacity of photovoltaic power amounted to 1,212MW, with 5,604MW under construction. During 2022, the attributable generation capacity of newly commissioned wind power and photovoltaic power projects amounted to 1,175MW and 387MW, respectively.

Under the impact of Covid-19 and other factors, new grid-connected generation capacity of wind and photovoltaic power of the Group during the year totalled 3,252MW.

In 2022, the Group obtained new approvals or filed for approximately 6,670MW of wind power projects and 18,260MW of photovoltaic power projects, a total of approximately 24,930MW.

During the year, the attributable operational generation capacity of the newly commissioned thermal power projects of the Group amounted to 3,021MW, including 2x660MW units in Xiantao Power Plant, Hubei, 100% owned by the Group; a 350MW unit in Ningwu Power Plant, Shanxi, 50% owned by the Group; a 660MW unit in Fuyang Power Plant (Phase II), Anhui, 40% owned by the Group; and a 102MW gas-fired distributed project in Zhuhai, 100% owned by the Group. The Group completed the acquisition of 34% equity interest in the 2x1,000MW ultra-supercritical coal-fired power generation units of Gansu Changle Power Plant (甘肅常樂電廠) primarily to deepen cooperation with local governments and energy companies in order to obtain more local resources for renewable energy projects. In addition, the Group acquired 40% equity interest in the 2x600MW supercritical coal-fired power units of Jiangsu Guoneng Taicang Power Plant (江蘇國能太倉電廠) by way of equivalent swap with the equity in the coal-fired power units previously held by the Group, as Jiangsu Guoneng Taicang Power Plant has a larger single-unit capacity and higher efficiency.

Net generation volume

In 2022, there was a year-on-year increase in the power demand in the country. During the year, the total net generation volume of our Group's consolidated power plants amounted to 184,604 GWh, up by 4.1% from 2021. Net generation volume of wind farms and photovoltaic power stations increased by 10.4% and 17.8%, respectively, while net generation volume of consolidated thermal power plants increased by 2.6% year-on-year.

The average full-load equivalent utilisation hours of the operational wind farms throughout the year were 2,398 hours, decrease by 66 hours or 2.7% as compared to 2021, exceeding the national average utilisation hours of wind power generation units by 177 hours. The average full-load equivalent utilisation hours of photovoltaic power stations were 1,510 hours, remained the same as 2021, exceeding the national average utilisation hours for photovoltaic power generation units by 173 hours. The average full-load equivalent utilization hours of our consolidated coal-fired power plants was 4,731 hours, an increase of 40 hours or 0.8% as compared to 2021, exceeding the national average utilisation hours of thermal power units by 352 hours.

In 2022, the net generation volume of our consolidated power plants that followed market-based pricing accounted for 84.8%. The average market tariff was 17.7% higher than that of the benchmark on-grid tariff.

Fuel costs

In 2022, the average unit fuel cost of consolidated coal-fired power plants was RMB339.1 per MWh, representing an increase of 10.9% as compared to 2021. Average unit cost of standard coal was RMB1,130.4 per tonne, representing an increase of 10.6% as compared to 2021.

Average net generation standard coal consumption rate of consolidated coal-fired power plants was 297.2g per kWh, representing an increase of approximately 0.5g or 0.2% from 296.8g per kWh in 2021.

Capital expenditure

In 2022, cash capital expenditure of the Group amounted to approximately HK\$35,108 million, of which HK\$26,768 million was used in the construction of wind and photovoltaic power plants, approximately HK\$5,189 million was used in the construction of thermal power units, approximately HK\$994 million was used in the technological upgrades of operational coal-fired power units, approximately HK\$678 million was used in the construction of coal mines, and approximately HK\$1,479 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, we have further optimised the organisational structure, mobilising employees and managers to develop new wind and photovoltaic power projects in our domestic target markets.

The grid connection target for new wind and photovoltaic power projects of the Group for 2023 is expected to be 7,000MW.

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 2023 is expected to be approximately HK\$45,000 million, including approximately HK\$30,600 million for the construction of wind and photovoltaic power plants, approximately HK\$7,000 million for the construction of thermal power units (including coal-fired and gas-fired power units), approximately HK\$1,500 million for the technological upgrades of operating coal-fired power units, approximately HK\$400 million for the construction of coal mines, and approximately HK\$5,500 million for the construction of integrated energy and other projects.

In 2023, the Group expects to commission an attributable capacity of approximately 1,544.2MW of thermal power generation units, including one unit at Shanxi Ningwu Power Plant, one unit at Anhui Fuyang (Phase II) Power Plant, Guangdong Yunfu Power Plant, and a gas-fired distributed project.

OPERATING RESULTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Turnover	<u>103,305,097</u>	<u>90,414,166</u>
Operating expenses		
Fuels	(64,283,171)	(58,444,438)
Depreciation and amortisation	(14,429,592)	(14,619,078)
Employee benefit expenses	(6,631,593)	(6,354,542)
Repairs and maintenance	(2,471,245)	(2,519,440)
Consumables	(1,300,504)	(1,356,838)
Impairment charges	(1,045,216)	(432,674)
Tax and surcharges	(760,607)	(671,259)
Others	<u>(2,997,806)</u>	<u>(2,706,824)</u>
Total operating expenses	<u>(93,919,734)</u>	<u>(87,105,093)</u>
Other income	1,981,567	2,812,146
Other gains and losses	<u>2,184,149</u>	<u>(92,079)</u>
Operating profit	13,551,079	6,029,140
Finance costs	(3,890,192)	(3,759,788)
Share of results of associates	(112,676)	241,346
Share of results of joint ventures	<u>(86,737)</u>	<u>(119,282)</u>
Profit before income tax	9,461,474	2,391,416
Income tax expense	<u>(1,905,574)</u>	<u>(955,001)</u>
Profit for the year	<u><u>7,555,900</u></u>	<u><u>1,436,415</u></u>
Profit for the year attributable to:		
Owners of the Company	7,042,478	2,137,849
Perpetual capital securities holders	420,295	462,980
Other non-controlling interests	<u>93,127</u>	<u>(1,164,414)</u>
	<u><u>7,555,900</u></u>	<u><u>1,436,415</u></u>
Basic earnings per share attributable to owners of the Company during the year	<u><u>(HK\$) 1.46</u></u>	<u><u>(HK\$) 0.44</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Profit for the year	<u>7,555,900</u>	<u>1,436,415</u>
Other comprehensive (expense) income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(13,116,546)	4,204,434
Share of other comprehensive income of investments accounted for using the equity method	(555,911)	101,257
Release to profit or loss in relation to disposal of subsidiaries	(2,862)	1,627
<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	45,581	(13,762)
Remeasurement of defined benefit pension plan	21,624	(27,704)
Transfer of deferred tax liability due to disposal of financial assets at FVOCI	<u>–</u>	<u>187,180</u>
Other comprehensive (expense) income for the year, net of tax	<u>(13,608,114)</u>	<u>4,453,032</u>
Total comprehensive (expense) income for the year, net of tax	<u>(6,052,214)</u>	<u>5,889,447</u>
Attributable to:		
Owners of the Company	(5,895,145)	6,301,109
Perpetual capital securities holders	420,295	462,980
Other non-controlling interests	<u>(577,364)</u>	<u>(874,642)</u>
Total comprehensive (expense) income for the year, net of tax	<u>(6,052,214)</u>	<u>5,889,447</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
ASSETS		
Non-current assets		
Property, plant and equipment	191,355,953	193,546,026
Right-of-use assets	6,635,994	5,679,555
Goodwill	621,904	663,659
Mining rights	3,836,360	4,558,859
Exploration and resources rights	–	165,944
Deferred tax assets	1,075,072	1,043,357
Other receivables and prepayments	12,533,739	12,600,647
Interests in associates	9,050,331	8,760,459
Interests in joint ventures	5,997,336	5,760,413
Financial assets at FVOCI	1,118,396	1,138,982
Loans to a FVOCI investee company	466,255	91,886
Loans to a non-controlling shareholder of a subsidiary	13,994	–
	<u>232,705,334</u>	<u>234,009,787</u>
Current assets		
Inventories	4,581,614	6,748,274
Trade receivables, other receivables and prepayments	35,616,097	37,785,592
Loans to an associate	–	83,904
Loans to joint ventures	189,121	262,377
Loans to a FVOCI investee company	84,102	372,107
Amounts due from associates	241,196	406,333
Amounts due from joint ventures	47,395	35,375
Amounts due from other related companies	33,533	176,573
Pledged and restricted bank deposits	116,466	152,819
Cash and cash equivalents	7,721,275	7,934,211
	<u>48,630,799</u>	<u>53,957,565</u>
Assets classified as held for sale	2,051,513	–
Total assets	<u><u>283,387,646</u></u>	<u><u>287,967,352</u></u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	22,316,710	22,316,710
Other reserves	10,138,976	21,750,464
Retained earnings	49,782,916	44,924,595
	<hr/>	<hr/>
Equity attributable to owners of the Company	82,238,602	88,991,769
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Perpetual capital securities holders	10,664,271	10,827,061
Other non-controlling interests	7,650,675	7,844,051
	<hr/>	<hr/>
Total equity	100,553,548	107,662,881
	<hr/>	<hr/>
LIABILITIES		
Non-current liabilities		
Borrowings	93,322,133	105,310,179
Contract liabilities	873,021	858,566
Lease liabilities	1,048,403	863,241
Deferred tax liabilities	288,864	351,725
Deferred income	808,519	973,525
Retirement and other long-term employee benefits obligations	807,751	913,356
Other long-term payables	2,802,332	2,974,419
	<hr/>	<hr/>
	99,951,023	112,245,011
	<hr/>	<hr/>
Current liabilities		
Trade payables, other payables and accruals	30,247,926	34,136,474
Contract liabilities	1,233,004	1,481,794
Lease liabilities	217,924	114,999
Amounts due to associates	627,790	772,877
Amounts due to joint ventures	576,082	566,022
Amounts due to other related companies	10,840,890	7,391,714
Tax liabilities	543,720	409,820
Borrowings	38,383,441	23,185,760
	<hr/>	<hr/>
	82,670,777	68,059,460
	<hr/>	<hr/>
Liabilities associated with assets classified as held for sale	212,298	–
	<hr/>	<hr/>
Total liabilities	182,834,098	180,304,471
	<hr/>	<hr/>
Total equity and liabilities	283,387,646	287,967,352
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
OPERATING ACTIVITIES		
Profit before income tax	9,461,474	2,391,416
Adjustments for:		
Depreciation and amortisation	14,429,592	14,619,078
Impairment losses	1,045,216	432,674
Exchange (gains) losses	(1,993,762)	431,217
Interest expense	3,890,192	3,759,788
Interest income	(192,451)	(300,601)
Share of results of associates	112,676	(241,346)
Share of results of joint ventures	86,737	119,282
Dividends income from FVOCI investee companies	(57,727)	(106,600)
Gains on disposal of property, plant and equipment	(33,366)	(70,697)
Gains on disposal of right-of-use assets	(90,987)	(131,247)
(Gains) losses on disposal of subsidiaries	(32,137)	761
Gains on disposal of a joint venture	–	(61,161)
Changes in working capital:		
Decrease (increase) in inventories	1,742,320	(3,727,263)
Increase in trade receivables, other receivables and prepayments	(2,557,534)	(10,960,705)
Increase in trade payables, other payables and accruals	335,197	4,088,611
(Decrease) increase in retirement and other long-term employee benefits obligations	(115,424)	12,238
Income tax paid	(1,863,277)	(2,284,539)
Net cash flows generated from operating activities	<u>24,166,739</u>	<u>7,970,906</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
INVESTING ACTIVITIES		
Dividends received from associates and joint ventures	659,759	462,890
Dividends received from FVOCI investee companies	93,766	101,045
Interest received	9,065	386,412
Advanced proceeds from demolition of property, plant and equipment and right-of-use assets	–	566,149
Proceeds from disposal of property, plant and equipment and right-of-use assets	103,994	166,718
Proceeds from disposal of subsidiaries engaging in coal mining business	–	4,850,850
Proceeds from disposal of a joint venture	–	368,546
Disposal of a FVOCI investment	–	159,035
Payments for purchase of property, plant and equipment, mining rights and right-of-use assets	(32,579,796)	(25,688,887)
Capital contributions into associates	(586,550)	(78,557)
Capital contributions into joint ventures	(880,968)	(357,178)
Investment made into FVOCI	–	(71,219)
Loans to an associate	–	(18,063)
Loans repayments from an associate	–	158,761
Loans to joint ventures	–	(95,320)
Loans repayments from joint ventures	140,533	61,217
Net cash outflow on acquisition of interest in subsidiaries	(1,101)	(133,137)
Net cash outflow on acquisition of interest in associates	–	(717,655)
Cash prepayment on acquisition of equity investments	(723,698)	–
Cash prepayment on acquisition of interest in an associate	–	(126,985)
Government grants related to assets	20,825	14,697
Proceeds upon dissolving a subsidiary	–	21,209
Repurchase of Asset-Backed Notes	(102,916)	–
Net cash flows used in investing activities	(33,847,087)	(19,969,472)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
FINANCING ACTIVITIES		
Proceeds from borrowings	62,229,310	55,673,507
Repayment of borrowings	(43,383,069)	(27,753,140)
Proceeds from issuance of perpetual capital securities	10,664,624	–
Proceeds from issuance of corporate bonds	–	1,207,390
Redemption of corporate bonds	(5,776,692)	(6,042,400)
Redemption of perpetual capital securities	(10,558,855)	–
Capital contributions by non-controlling interests	509,297	238,853
Capital reduction by non-controlling interests	(14,707)	–
Advances from an intermediate holding company	3,571,843	1,000,000
Repayment of advances from an intermediate holding company	–	(700,000)
Repayment of advances from associates	(76,001)	(375,156)
Advances from (repayment of advances from) joint ventures	73,807	(146,532)
Repayment of advances from other related companies	(112,736)	(143,646)
Advances from non-controlling interests of subsidiaries	15,814	5,416
Interests on bank loans and advances from associates and joint ventures paid	(4,387,972)	(3,987,665)
Dividends paid to owners of the Company	(1,226,311)	(3,154,904)
Dividends paid to non-controlling interests of subsidiaries	(235,267)	(482,129)
Repayments of lease liabilities	(713,919)	(149,678)
Interest paid to perpetual capital securities holders	(420,295)	(462,980)
Underwriting fees for issuance of perpetual capital securities	(353)	–
Net cash flows generated from financing activities	<u>10,158,518</u>	<u>14,726,936</u>
Net increase in cash and cash equivalents	478,170	2,728,370
Cash and cash equivalents at the beginning of the year	7,934,211	5,036,484
Effect of foreign exchange rate changes	<u>(690,764)</u>	<u>169,357</u>
Analysis of the balances of cash and cash equivalents, represented by:		
Cash and cash equivalents at the end of the period	7,721,275	7,934,211
Cash and cash equivalents included in assets classified as held for sale	<u>342</u>	<u>–</u>
	<u><u>7,721,617</u></u>	<u><u>7,934,211</u></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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19 related Rent Concessions beyond 30 June 2021
Amendment to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, the application of the amendments to 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 and accounting policies on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

Accounting Policies

Property, plant and equipment

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 Inventories.

Impacts of application of amendments to HKFRSs on the consolidated financial statements

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the consolidated statement of profit or loss and other comprehensive income and earnings per share are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Impact on profit for the year</i>		
Increase in turnover	472,021	614,251
Increase in operating expenses	(218,787)	(64,410)
Decrease in income tax expense	–	2,535
	<hr/>	<hr/>
Net increase in profit for the year	<u>253,234</u>	<u>552,376</u>
Increase in profit for the year attributable to:		
– Owners of the Company	236,892	545,097
– Other non-controlling interests	16,342	7,279
	<hr/>	<hr/>
	<u>253,234</u>	<u>552,376</u>

2022	2021
<i>HK\$'000</i>	<i>HK\$'000</i>

Impact on total comprehensive income

Increase in total comprehensive income for the year attributable to:

– Owners of the Company	178,830	554,779
– Other non-controlling interests	15,103	7,434
	<u>193,933</u>	<u>562,213</u>

2022	2021
<i>HK\$</i>	<i>HK\$</i>

Impact on basic earnings per share

Basic earnings per share before adjustments	1.41	0.33
Net adjustments arising from change in accounting policy in relation to:		
– Amendments to HKAS 16	0.05	0.11
	<u>1.46</u>	<u>0.44</u>

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the consolidated statement of financial position as at the end of the immediately preceding financial year, i.e. 31 December 2021, are as follows:

	31 December 2021 (Originally stated) <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	31 December 2021 (Restated) <i>HK\$'000</i>
Property, plant and equipment	192,953,359	592,667	193,546,026
Deferred tax assets	1,040,784	2,573	1,043,357
Trade receivables, other receivables and prepayments	<u>37,768,557</u>	<u>17,035</u>	<u>37,785,592</u>
Total effects on assets	<u>231,762,700</u>	<u>612,275</u>	<u>232,374,975</u>

	31 December 2021 (Originally stated) HK\$'000	Adjustments HK\$'000	31 December 2021 (Restated) HK\$'000
Other reserves	21,680,974	69,490	21,750,464
Retained earnings	44,389,984	534,611	44,924,595
Other non-controlling interests	7,835,877	8,174	7,844,051
	<u>73,906,835</u>	<u>612,275</u>	<u>74,519,110</u>
Total effects on equity	<u>73,906,835</u>	<u>612,275</u>	<u>74,519,110</u>

Impact on the consolidated statement of cash flows

The effects of the changes in accounting policy as a result of application of amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use on the consolidated statement of cash flows are as follows:

	2022 HK\$'000	2021 HK\$'000
OPERATING ACTIVITIES		
Net increase in cash from operating activities	<u>283,004</u>	<u>571,334</u>
INVESTING ACTIVITIES		
Cash used in payment for purchase of property, plant and equipment	(283,004)	(571,334)
Net decrease in cash used in investing activities	<u>(283,004)</u>	<u>(571,334)</u>

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 2022

Certain new accounting standards and interpretations have been published during the year that are not mandatory for the reporting period ended 31 December 2022 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.

CHANGES OF ACCOUNTING ESTIMATES

Upon assessment carried out by the management taking into account past operating experience with the combination of actual usage of fixed assets and considering market practice by taking reference from major operators in China's power industry, the Board approved the resolution that the estimated useful lives of the wind power and photovoltaic power generation equipment should be adjusted from 18 years to 20 years with the estimated residual value remaining nil with effect from 1 January 2022.

In the current year, this change in estimated useful lives has resulted in a decrease in the depreciation charge for the year by HK\$674 million, and an increase in profit for the year by HK\$582 million.

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	
	2022	2021 <i>(Restated)</i>	2022	2021 <i>(Restated)</i>
Sales of electricity	95,287,340	83,463,835	81,708,937	69,226,301
Including: Sales of power generated from thermal power plants	73,953,560	62,591,759	62,766,313	51,813,068
Sales of power generated from renewable energy	21,333,780	20,872,076	18,942,624	17,413,233
Heat supply	<u>8,017,757</u>	<u>6,950,331</u>	<u>6,842,884</u>	<u>5,759,962</u>
	<u><u>103,305,097</u></u>	<u><u>90,414,166</u></u>	<u><u>88,551,821</u></u>	<u><u>74,986,263</u></u>

The Group's turnover for 2022 was HK\$103,305 million, representing an increase of HK\$12,891 million or 14.3% from HK\$90,414 million in 2021. In RMB terms, the turnover for 2022 was RMB88,552 million, representing an increase of RMB13,566 million or 18.1% from RMB74,986 million in 2021. The increase is mainly attributable to (1) a year-on-year increase of 20.2% in the average on-grid tariff (tax exclusive) of consolidated coal-fired power plants; (2) a year-on-year increase of 4.1% in net generation volume of consolidated power plants; (3) a year-on-year increase of 13.8% in the average price (tax exclusive) of the sales of heat supply of consolidated power plants; (4) a year-on-year increase of 6.4% in the sales of heat supply of consolidated power plants; however, the increase was partially offset by a year-on-year decrease in the amount presented in Hong Kong dollars arising from the depreciation of RMB against Hong Kong dollar.

At present, the Group is engaged in two business segments – thermal power (inclusive of coal-fired power plants and gas-fired power plants) and renewable energy (inclusive of 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 2022

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

For the year ended 31 December 2021

	Thermal power HK\$'000 (Restated)	Renewable energy HK\$'000 (Restated)	Total HK\$'000 (Restated)
Segment revenue			
External sales	69,542,090	20,872,076	90,414,166
Segment (loss) profit	(7,159,624)	9,982,257	2,822,633
Exchange losses			(431,217)
Profit before income tax			<u>2,391,416</u>
(Loss) profit attributable to owners of the Company (before non-cash exchange gains and losses)	(6,348,865)	8,917,931	2,569,066
Asset impairment losses	406,372	8,421	414,793
Core business (loss) profit attributable to owners of the Company	<u>(5,942,493)</u>	<u>8,926,352</u>	<u>2,983,859</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 and other management expenses. Total operating expenses for 2022 amounted to HK\$93,920 million, representing an increase of HK\$6,815 million or 7.8% from HK\$87,105 million for 2021.

Fuel costs increased by HK\$5,839 million or 10.0% from HK\$58,444 million for 2021 to HK\$64,283 million for 2022, mainly due to (1) an increase in the unit price of standard coal by 10.6% year-on-year; (2) an increase in the net generation volume of consolidated coal-fired power plants by 2.4% year-on-year; and (3) an increase in the heat sales volume of consolidated power plants by 6.4% year-on-year; however, the increase was partially offset by a year-on-year decrease in the figures presented in Hong Kong dollars arising from the depreciation of RMB against Hong Kong dollar.

Depreciation and amortisation decreased by HK\$189 million or 1.3% from HK\$14,619 million for 2021 to HK\$14,430 million for 2022, mainly due to (1) the extension of estimated useful lives of wind power and photovoltaic power generation equipment resulting in a decrease in depreciation costs; (2) the depreciation of RMB against Hong Kong dollar resulting in a year-on-year decrease of the figures presented in Hong Kong dollar; however, the decrease was partially offset by the commissioning of a large number of renewable energy projects.

Employee benefit expenses increased by HK\$277 million or 4.4% from HK\$6,355 million for 2021 to HK\$6,632 million for 2022, mainly due to the commissioning of a large number of renewable energy projects; however the increase was partially offset by a year-on-year decrease in the figures presented in Hong Kong dollar arising from the depreciation of RMB against Hong Kong dollar.

Repairs and maintenance expenses decreased by HK\$48 million or 1.9% from HK\$2,519 million for 2021 to HK\$2,471 million for 2022, mainly due to a year-on-year decrease in the figures presented in Hong Kong dollar arising from the depreciation of RMB against Hong Kong dollar, however the decrease was partially offset by the increase in repairs and maintenance workload brought by the growth of generation capacity.

Consumables decreased by HK\$56 million or 4.2% from HK\$1,357 million for 2021 to HK\$1,301 million for 2022, mainly due to a year-on-year decrease in the figures presented in Hong Kong dollar arising from the depreciation of RMB against Hong Kong dollar, however the decrease was partially offset by the increase in the cost of consumables due to the rising price of consumables.

Impairment charges increased by HK\$612 million or 141.6% from HK\$433 million for 2021 to HK\$1,045 million in 2022, mainly due to (1) an impairment provision of HK\$476 million was made for Guizhou Tianrun Coal Mine; and (2) an impairment provision of HK\$189 million was made for the time value of receivables of Wujianfang Xiyi Coal Mine.

Tax and surcharges increased by HK\$90 million or 13.3% from HK\$671 million for 2021 to HK\$761 million for 2022, mainly due to the increase in environment tax paid, however the increase was partially offset by a reduction in value-added tax and a reduction in the amount of urban maintenance and construction tax and education surcharge payables.

Other operating expenses amounted to HK\$2,998 million, representing an increase of HK\$291 million or 10.7% from HK\$2,707 million for 2021. Other operating expenses mainly included other production costs of the power business such as water charges, utility expenses and electricity transaction fees amounting to a total of HK\$2,497 million, and office rents, building management fees, professional fees, administrative charges and other administrative costs amounting to a total of HK\$501 million.

Other income

Other income amounted to HK\$1,982 million, representing a decrease of HK\$830 million or 29.5% from HK\$2,812 million for 2021, which was mainly attributable to the decreases in the income from by-products, income from service fees and interest income. Other income for 2022 mainly included, among others, government grant of HK\$717 million, sales of by-products of HK\$664 million, income from service fees of HK\$250 million and interest income of HK\$192 million.

Other gains and losses

Other gains amounted to HK\$2,184 million, comprising exchange gains of HK\$1,994 million and gains on disposal of right-of-use assets and property, plant and equipment of HK\$124 million. Exchange gains mainly arise from RMB loans obtained by the Company in the Hong Kong market. Although cash flows are in line with the income from the business of the Group, however the depreciation of the exchange rate of RMB against HKD has resulted in book gains in the financial statements denominated in Hong Kong dollar.

Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for 2022 amounted to HK\$13,551 million, representing an increase of HK\$7,522 million or 124.8% from HK\$6,029 million for 2021. The increase in operating profit was mainly due to (1) a year-on-year increase in the average on-grid tariff (exclusive of tax) of consolidated coal-fired power plants; (2) profit contribution from newly commissioned renewable energy projects; (3) book exchange gains arisen from the depreciation of the exchange rate of RMB against HKD; which have offset the effects of (1) an increase in unit fuel cost of the consolidated coal-fired power plants; and (2) a year-on-year decrease in the figures presented in Hong Kong dollar arising from the depreciation of RMB against Hong Kong dollar.

Finance costs

Finance costs for 2022 amounted to HK\$3,890 million, representing an increase of HK\$130 million or 3.5% from HK\$3,760 million in 2021, mainly due to (1) an increase in line of credit; (2) commissioning of power generation units, resulting in an increase in finance costs; which have offset 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 Hong Kong dollar arising from the depreciation of RMB against Hong Kong dollar.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on borrowings	4,357,490	3,937,288
Interest on corporate bonds and notes	190,109	403,410
Interest on loans from related parties	132,545	51,377
Interest on lease liabilities	25,298	25,895
Others	92,370	58,940
	<u>4,797,812</u>	<u>4,476,910</u>
Less: Interest capitalised in construction in progress	(907,620)	(717,122)
	<u><u>3,890,192</u></u>	<u><u>3,759,788</u></u>

Share of results of associates

Share of results of associates for 2022 was a loss of HK\$113 million, representing a decrease of HK\$354 million or 146.7% from a profit of HK\$241 million for 2021, mainly due to (1) a decrease in the profits from our associates Shanxi Zhonglv and Guangdong Run Innovation Energy Equity Investment Fund Partnership; and (2) a decrease in share of profits resulting from the impairment provision of Taohuajiang Nuclear Power Plant, an associate.

Share of results of joint ventures

Share of results of joint ventures for 2022 was a loss of HK\$87 million, representing a loss reduction of HK\$32 million or 27.3% from the loss of HK\$119 million incurred in 2021, as the rise in electricity tariffs of our joint venture power enterprises has offset the adverse effects of the increase in fuel costs.

Income tax expenses

Income tax expenses for 2022 amounted to HK\$1,906 million, representing an increase of HK\$951 million or 99.5% from HK\$955 million for 2021, 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) the preferential tax benefit period for renewable energy projects has expired resulting in an increase in income tax expenses.

Details of the income tax expenses for the years ended 31 December 2022 and 2021 are set out below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Current income tax – PRC Enterprise Income Tax	2,076,220	1,177,209
Deferred income tax	<u>(170,646)</u>	<u>(222,208)</u>
	<u><u>1,905,574</u></u>	<u><u>955,001</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.

Operating profit for the year

	2022 HK\$'000	2021 HK\$'000 (Restated)
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
– Fees	2,038	1,880
– Salaries and bonus	10,168	18,504
– Pension costs	454	484
	<u>12,660</u>	<u>20,868</u>
Wages, salaries and bonus	5,586,739	5,307,167
Pension costs – retirement benefit schemes	1,031,001	1,015,849
Termination benefit costs	1,193	10,658
	<u>6,631,593</u>	<u>6,354,542</u>
Auditor's remuneration	13,875	12,447
Cost of inventories recognised as expenses	65,583,675	59,801,276
Depreciation and amortisation	14,429,592	14,619,078
Impairment charges	1,045,216	432,674
And after adding the following items:		
Dividend income from FVOCI investee companies	57,727	106,600
Government grants	716,602	704,137
Interest income	192,451	300,601
Sales of by-products	663,687	1,193,457
Exchange gains (losses), net	1,993,762	(431,217)
Gains (losses) on disposal of subsidiaries	32,137	(761)
Gains on disposal of a joint venture	–	61,161
Gains on disposal of property, plant and equipment (included in other gains and losses)	33,366	70,697
Gains on disposal of right-of-use assets (included in other gains and losses)	90,987	131,247
	<u>90,987</u>	<u>131,247</u>
Expenses capitalised in construction in progress:		
Other staff costs	282,829	327,771
Pension costs	43,630	51,133
Depreciation and amortisation	122,596	48,574
	<u>449,055</u>	<u>427,478</u>

Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company increased from approximately HK\$2,138 million in 2021 to approximately HK\$7,042 million in 2022, representing a year-on-year increase of 229.4%.

Earnings per share

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Profit attributable to owners of the Company	<u>7,042,478</u>	<u>2,137,849</u>
	2022	2021
Weighted average number of ordinary shares in issue	<u>4,810,443,740</u>	<u>4,810,443,740</u>
	2022 <i>HK\$</i>	2021 <i>HK\$</i> <i>(Restated)</i>
Basic earnings per share	<u>1.46</u>	<u>0.44</u>

Final dividend and closure of register of members

The Board has resolved to recommend a final dividend of HK\$0.376 per share for 2022 (2021: HK\$0.045 per share).

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends distributed during the year:		
2022 Interim, paid – HK\$0.21 per share (2021: HK\$0.25 per share)	1,010,193	1,202,609
2021 Final, paid – HK\$0.045 per share (2020: HK\$0.406 per share)	<u>216,470</u>	<u>1,953,040</u>
	<u>1,226,663</u>	<u>3,155,649</u>
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2022 of HK\$0.376 per share (2021: HK\$0.045)	<u>1,808,727</u>	<u>216,470</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 8 June 2023 (“2023 AGM”), the proposed final dividend will be distributed on Friday, 21 July 2023 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 15 June 2023.

The 2022 final dividend will be paid in Hong Kong dollars to each shareholder. However, shareholders may elect to receive the 2022 final dividend in Renminbi in cash.

Shareholders may elect to receive the entire 2022 final dividend at the average benchmark rate of Hong Kong dollars against Renminbi as published by the People’s Bank of China for the five business days preceding the date of the 2023 AGM (i.e. 8 June 2023) (including the date of the 2023 AGM), but not a part thereof, except that HKSCC Nominees Limited may elect to receive part of its final dividend in Renminbi. Details of the dividend currency election will be set out in a circular to be sent to shareholders by the Company in late April 2023 and the dividend currency election form will be sent to shareholders as soon as possible after the 2023 AGM.

For determining the entitlement to attend, speak and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend, speak and vote at the 2023 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 Friday, 2 June 2023.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2022, the register of members of the Company will be closed on Thursday, 15 June 2023 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 Wednesday, 14 June 2023.

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

At 31 December 2022, the Group had net current liabilities of HK\$34,040 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 2022 denominated in local currency and foreign currencies amounted to HK\$109 million, RMB6,796 million and US\$0.47 million and a small amount of Great Britain Pounds (“GBP”).

Bank and other borrowings of the Group as at 31 December 2022 and 2021 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured bank loans	2,150,977	2,936,822
Unsecured bank loans	126,196,157	116,019,015
Corporate bonds	3,358,440	9,540,102
Loans from related parties	6,613,825	6,251,763
	<u>138,319,399</u>	<u>134,747,702</u>

The bank borrowings were repayable as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year	36,144,481	17,314,928
More than 1 year and within 2 years	18,570,717	31,608,528
More than 2 years and within 5 years	26,531,050	20,903,130
Over 5 years	47,100,886	49,129,251
	<u>128,347,134</u>	<u>118,955,837</u>

The corporate bonds and notes were repayable as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	2,238,960	5,870,832
More than 1 year and within 2 years	–	2,446,180
More than 2 years and within 5 years	1,119,480	1,223,090
	<u>3,358,440</u>	<u>9,540,102</u>

The above bank and other borrowings are secured by:

Pledge of assets	<u>2,574,925</u>	<u>3,200,855</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\$2,155,051,000 (2021: HK\$2,437,553,000) and HK\$419,874,000 (2021: HK\$763,302,000) respectively.

Bank and other borrowings as at 31 December 2022 denominated in local currency and foreign currencies amounted to HK\$24,471 million, RMB100,609 million, GBP129 million and EUR 1.26 million respectively.

As at 31 December 2022, bank and other borrowings amounted to HK\$24,471 million and GBP129 million (2021: HK\$26,122 million, GBP129 million and USD10.3538 million) bore interest at a range from HIBOR plus 0.55% to HIBOR plus 1.03% per annum, and compound interest at Sterling Overnight Index Average (SONIA) plus credit-adjusted spread for the applicable interest period plus 0.89% to 0.98% per annum. The remaining bank and other borrowings carried interest rates at a range from 0.1% to 4.55% (2021: 2.35% to 4.90%) per annum.

As at 31 December 2022, the ratio of the Group's net debt to shareholders' equity was 158.7%, and the ratio of total debt to total capitalisation was 57.9%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2022, the Group's primary sources of funding included proceeds from borrowings, proceeds from issuance of perpetual capital securities, advances from intermediate holding company, dividend income and net cash flows from operating activities, which amounted to HK\$62,229 million, HK\$10,665 million, HK\$3,572 million, HK\$754 million and HK\$24,167 million, respectively. The Group's funds were primarily used for the amounts paid for the repayment of bank borrowings, payments for purchase of property, plant and equipment and right-of-use assets, as well as redemption of perpetual capital securities, redemption of corporate bonds, interest and dividend payments, which amounted to HK\$43,383 million, HK\$32,580 million, HK\$10,559 million, HK\$5,777 million, HK\$4,808 million and HK\$1,462 million, respectively.

Trade receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
Trade receivables from contracts with customers		
Accounts receivable	27,908,433	29,414,940
Notes receivable	443,265	438,236
	<u>28,351,698</u>	<u>29,853,176</u>
Less: loss allowance for trade receivables	(140,399)	(45,068)
	<u>28,211,299</u>	<u>29,808,108</u>

Trade receivables are generally due within 60 days from the date of billing.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> <i>(Restated)</i>
0 – 30 days	13,925,127	13,396,411
31 – 60 days	1,009,613	1,020,802
Over 60 days	13,416,958	15,435,963
	<u>28,351,698</u>	<u>29,853,176</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30days	5,654,223	5,168,345
31 – 90 days	941,476	2,879,972
Over 90 days	1,609,684	3,145,167
	<u>8,205,383</u>	<u>11,193,484</u>

Average credit term for purchase of goods is 90 days.

Key financial ratios of the Group

	2022	2021 <i>(Restated)</i>
Current ratio(<i>times</i>)	0.61	0.79
Quick ratio(<i>times</i>)	0.56	0.69
Net debt to shareholders' equity ratio (%)	158.7	142.3
EBITDA interest coverage (<i>times</i>) ⁽¹⁾	5.6	4.8

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:

(1) 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 2022 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets		
USD	3,533	3,567
RMB	16,621,769	14,445,349
HKD	136	193
GBP	23	967
	<u> </u>	<u> </u>
Liabilities		
RMB	33,864,270	10,371,803
GBP	1,207,797	1,354,005
USD	–	80,728
EUR	10,505	11,699
	<u> </u>	<u> </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 signed an agreement in December 2022 with Guangdong Run Innovation Energy Equity Investment Fund Partnership (Limited Partnership) and Shanghai Orange Xu Enterprise Management Partnership (L.P.) for the acquisition of 100% of Guangdong Runneng New Energy Co., Ltd. (“**Runneng**”) for a cash consideration of approximately RMB1,440 million. The acquisition was completed in March and has been accounted for as acquisition of business using the acquisition method. At the time of the financial statements are authorised for issue, the Group is undergoing purchase price allocation for the acquisition of business. Accordingly information about the allocation of the purchase price to major classes of assets and liabilities, pro forma information etc., as required by HKFRS 3 “Business Combinations” are not represented.

Details of the acquisition are set out in the Group’s circular dated 29 December 2022. Runneng has the capacity of 440.3 MW of wind energy and the projects mostly located in central and eastern China which are rich in wind energy resources. The business combination will improve the renewable energy capacity of Group.

Subsequent to 31 December 2022, the Group entered a disposal agreement in respect of dispose of two mining companies to a third party at the consideration amounting to RMB383 million Out of total consideration, RMB115 million (equivalent to HK\$132 million has been received as of the date of authorisation of these consolidated financial statements and the remaining balance will be satisfied in cash when the disposal is completed.

Contingent liabilities

As at 31 December 2022, no external guarantee was provided by the Group (31 December 2021: HK\$389,491,000).

In addition, there were certain pending litigations and claims against the Group. After consulting our 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 22,340 employees as at 31 December 2022 (2021: 21,252 employees).

The Company and its subsidiaries have concluded 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 2022, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company currently does not have a share scheme, which renders E.1.2 (i) of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "Code") inapplicable to the terms of reference of the remuneration committee of the Board. The Company will amend the terms of reference as and when appropriate. Save as disclosed above, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the financial year.

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 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 2022 have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. An unqualified auditor's report will be included in the Annual Report 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 2022.

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 2022 as set out in the Group's preliminary results announcement for the year ended 31 December 2022, have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, and align with the amounts as set out in the Group's audited consolidated financial statements 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 assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary results announcement.

The financial information in respect of the years ended 31 December 2022 and 2021 contained in this preliminary announcement of annual results for the year ended 31 December 2022 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 2021 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 2022 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 Hong Kong 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 2023 will be held on 8 June 2023 in Hong Kong.

By Order of the Board
China Resources Power Holdings Company Limited
WANG Chuandong
Chairman

Hong Kong, 22 March 2023

As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. LIU Guixin and Mr. CHEN Guoyong; two executive directors, namely Mr. SHI Baofeng and Mr. ZHANG Junzheng; 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.