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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Results Announcement for Year 2021

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) announces the audited financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2021.

	Year ended 31 December		
	2021	2020	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Revenue	34,734,288	28,427,721	22.18
Profit for the year	171,219	2,925,551	-94.15
(Loss)/profit attributable to equity holders of the Company	(515,693)	1,708,305	N.A.
	<i>RMB</i>	<i>RMB</i>	<i>%</i>
Basic (loss)/earnings per share	(0.07)	0.17	N.A.
Proposed final dividend	0.05	0.13	-61.54
	<i>MWh</i>	<i>MWh</i>	<i>%</i>
Total power generation	103,048,687	91,902,510	12.13
Total electricity sold	98,793,792	88,255,525	11.94

- The loss attributable to the equity holders of the Company was mainly due to the surge in coal prices in the second half of last year which caused a significant increase in fuel costs for coal-fired power generation and turned the segment and the Company’s overall results from profit to loss in the second half of the year.
- During the year under review, the revenue and profits from wind and photovoltaic power generation continued to grow, and the profit contribution from the new energy storage business was promising.
- Compared to the previous year, the Group’s consolidated installed capacity of wind power, photovoltaic power and natural gas power increased by 1,971.7MW, 1,217.2MW and 121.2MW respectively while coal-fired power decreased by 1,200MW, representing a net increase in the proportion of clean energy consolidated installed capacity by 8.18 percentage points. As at 31 December 2021, the proportion of clean energy accounted for approximately 52.16% of the total consolidated installed capacity.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

		Year ended 31 December	
	Notes	2021	2020
		RMB'000	RMB'000
Revenue	2	34,734,288	28,427,721
Other income	3	513,772	284,102
Fuel costs		(17,937,891)	(10,876,072)
Depreciation		(6,092,620)	(5,321,494)
Staff costs		(3,334,389)	(2,943,297)
Repairs and maintenance		(867,430)	(777,669)
Subcontracting costs		(510,748)	-
Consumables		(423,064)	(347,277)
Other gains and losses, net	4	954,072	53,502
Other operating expenses	5	(2,435,123)	(2,127,656)
		<hr/>	<hr/>
Operating profit	6	4,600,867	6,371,860
Finance income	7	126,603	330,352
Finance costs	7	(3,861,500)	(3,203,698)
Share of results of associates		(213,524)	283,952
Share of results of joint ventures		(119,280)	43,661
		<hr/>	<hr/>
Profit before taxation		533,166	3,826,127
Income tax expense	8	(361,947)	(900,576)
		<hr/>	<hr/>
Profit for the year		171,219	2,925,551
		<hr/> <hr/>	<hr/> <hr/>
Attributable to:			
Equity holders of the Company		(515,693)	1,708,305
Non-controlling interests		686,912	1,217,246
		<hr/>	<hr/>
		171,219	2,925,551
		<hr/> <hr/>	<hr/> <hr/>
(Loss)/earnings per share for (loss)/profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
- Basic and diluted	9	(0.07)	0.17
		<hr/> <hr/>	<hr/> <hr/>
Dividends		541,669	1,274,895
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	<u>171,219</u>	<u>2,925,551</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	1,608,081	(240,003)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	44	-
Fair value gain/(loss) on debt instruments at FVTOCI, net of tax	<u>6,149</u>	<u>(5,090)</u>
Other comprehensive income/(expense) for the year, net of tax	<u>1,614,274</u>	<u>(245,093)</u>
Total comprehensive income for the year	<u>1,785,493</u>	<u>2,680,458</u>
Attributable to:		
Equity holders of the Company	1,072,165	1,461,954
Non-controlling interests	<u>713,328</u>	<u>1,218,504</u>
Total comprehensive income for the year	<u>1,785,493</u>	<u>2,680,458</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December	
	Notes	2021	2020
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	128,695,251	112,954,766
Right-of-use assets		6,152,184	6,260,964
Prepayments for construction of power plants		2,488,827	3,373,851
Goodwill		1,083,293	1,102,615
Other intangible assets	11	934,800	989,673
Interests in associates		3,526,555	3,205,222
Interests in joint ventures		1,428,944	1,027,782
Equity instruments at FVTOCI		5,235,995	3,061,952
Deferred income tax assets		714,348	874,210
Restricted deposits		9,566	9,257
Other non-current assets		5,913,949	4,982,454
		<u>156,183,712</u>	<u>137,842,746</u>
Current assets			
Inventories		1,468,558	697,615
Accounts receivable	12	8,362,882	7,285,981
Prepayments, deposits and other receivables		4,108,766	2,562,193
Amounts due from related parties		2,535,159	1,739,484
Tax recoverable		103,931	64,651
Debt instruments at FVTOCI		213,660	428,856
Restricted deposits		10,802	26,136
Cash and cash equivalents		1,766,632	1,316,351
		<u>18,570,390</u>	<u>14,121,267</u>
Assets associated with disposal groups classified as held for sale	13	-	3,984,658
Total assets		<u><u>174,754,102</u></u>	<u><u>155,948,671</u></u>

		As at 31 December	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		20,418,001	17,268,192
Other equity instruments	14	2,997,600	3,015,740
Reserves		12,391,305	13,113,875
		<hr/>	<hr/>
		35,806,906	33,397,807
Non-controlling interests		16,077,891	12,392,110
		<hr/>	<hr/>
Total equity		51,884,797	45,789,917
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Non-current liabilities			
Deferred income		33,386	64,586
Bank borrowings		54,930,413	45,359,108
Borrowings from related parties	15	8,557,660	12,122,460
Other borrowings	16	6,200,325	2,100,000
Lease liabilities	17	3,174,469	3,337,342
Deferred income tax liabilities		2,380,195	1,916,206
Provisions for other long-term liabilities	18	1,868,232	1,868,610
Other non-current liabilities		188,803	112,575
		<hr/>	<hr/>
		77,333,483	66,880,887
		<hr/> <hr/>	<hr/> <hr/>

		As at 31 December	
	<i>Notes</i>	2021	2020
		RMB'000	RMB'000
Current liabilities			
Accounts and bills payables	19	1,836,022	993,897
Construction costs payable		6,815,277	6,777,670
Other payables and accrued charges		2,253,467	2,109,049
Amounts due to related parties		1,349,792	1,874,152
Bank borrowings		21,911,691	21,212,428
Borrowings from related parties	15	6,108,626	2,827,210
Other borrowings	16	4,620,000	3,930,000
Lease liabilities	17	417,917	543,387
Tax payable		223,030	288,401
		45,535,822	40,556,194
Liabilities associated with disposal groups classified as held for sale			
	13	-	2,721,673
Total liabilities		122,869,305	110,158,754
Total equity and liabilities		174,754,102	155,948,671
Net current liabilities		26,965,432	25,171,942
Total assets less current liabilities		129,218,280	112,670,804

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Net cash generated from operating activities	1,342,374	5,501,876
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	(16,959,847)	(16,168,221)
Payments for right-of-use assets	(478,414)	(90,072)
Proceeds from disposal of property, plant and equipment and right-of-use assets	23,737	285,794
Net cash (outflow)/inflow on acquisitions of subsidiaries	(441,274)	146,941
Net cash (outflow)/inflow on disposal of subsidiaries	(23,999)	5,653
Net cash inflow on disposal of assets and liabilities associated with disposal groups classified as held for sale	9,659	-
Net cash inflow on transfer from assets and liabilities associated with disposal groups classified as held for sale to an associate	204,051	-
Proceeds from disposal of a joint venture	-	8,013
Acquisition of associates	(414,617)	(38,456)
Acquisition of joint ventures	(270,453)	(32,246)
Capital injections to associates, joint ventures and equity instruments at FVTOCI	(501,052)	(199,710)
Dividends received	272,550	272,204
Interests received	49,049	47,988
Decrease/(increase) in restricted deposits	15,025	(6,343)
Net cash used in investing activities	(18,515,585)	(15,768,455)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cash flows from financing activities		
Drawdown of bank borrowings	63,393,033	23,950,312
Drawdown of borrowings from related parties	7,943,406	26,023,327
Drawdown of other borrowings	9,800,325	2,030,000
Capital injections from non-controlling shareholders of subsidiaries	479,747	491,680
Proceeds from disposal of interest in a subsidiary without loss of control	2,576,000	-
Acquisition of non-controlling interests	(3,264)	(3,000,000)
Issuance of perpetual medium-term notes	-	3,000,000
Net proceeds from issuance of ordinary shares	3,149,809	-
Repayment of bank borrowings	(53,123,829)	(18,111,858)
Repayment of borrowings from related parties	(8,696,090)	(19,386,788)
Repayment of other borrowings	(5,010,000)	(528,000)
Payments for lease liabilities	(1,058,158)	(1,962,727)
Dividend paid	(1,286,543)	(1,271,921)
Dividends paid to holders of other equity instruments	(134,250)	-
Dividends paid to non-controlling interests	(421,730)	(887,170)
	<hr/>	<hr/>
Net cash generated from financing activities	17,608,456	10,346,855
	<hr/>	<hr/>
Net increase in cash and cash equivalents	435,245	80,276
Cash and cash equivalents at 1 January	1,318,331	1,239,057
Exchange gain/(loss), net	13,056	(1,002)
	<hr/>	<hr/>
Cash and cash equivalents at 31 December (note)	1,766,632	1,318,331
	<hr/>	<hr/>

Note: As at 31 December 2020, balance included those cash and cash equivalents of RMB 1,980,000 from disposal groups classified as held for sale.

General Information

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, a registered public entity auditor, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

The financial information relating to the years ended 31 December 2021 and 2020 included in this announcement of annual results 2021 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2021 and 2020 respectively. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The consolidated financial statements are prepared under the historical cost convention except that equity instruments and debt instruments are measured at fair value. Disposal groups held for sale are measured at the lower of the carrying amounts and fair value less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Application of revised HKFRSs

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 9, Hong Kong Accounting Standard ("HKAS") 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

The application of the above HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework ⁽¹⁾
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽³⁾
HKFRS 17	Insurance Contracts ⁽²⁾
Amendments to HKFRS 17	Insurance Contracts ⁽²⁾⁽⁵⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽²⁾⁽⁴⁾
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁽²⁾
Amendments to HKAS 8	Definition of Accounting Estimates ⁽²⁾
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽²⁾
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁽¹⁾
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁽¹⁾
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ⁽¹⁾

(1) Effective for annual periods beginning on or after 1 January 2022

(2) Effective for annual periods beginning on or after 1 January 2023

(3) No mandatory effective date yet determined but available for adoption

(4) As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 “Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” was revised in October 2020 to align the corresponding wording with no change in conclusion

(5) As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Based on the Group’s current financial position, the directors anticipate that the application of the above new and amendments to HKFRSs in issue but not yet effective will have no material impact on the Group’s financial position and performance except for certain presentation and disclosures in the consolidated financial statements of the Group.

2 Turnover, revenue and segment information

Revenue, representing turnover net of sales related taxes, recognized during the year is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Types of goods or services:		
Sales of electricity to regional and provincial power grid companies (note (a))	34,002,823	28,330,944
Provision of power generation (note (b))	151,861	96,777
Subcontracting services for energy storage projects (note (c))	579,604	-
	<u>34,734,288</u>	<u>28,427,721</u>
Timing of revenue recognition:		
Goods – at a point in time	34,154,684	28,427,721
Services – over time	579,604	-
	<u>34,734,288</u>	<u>28,427,721</u>

Notes:

- (a) Pursuant to the power purchase agreements entered into between the Group and the respective regional and provincial power grid companies, the Group's sales of electricity were made to these power grid companies at the tariff rates agreed with the respective regional and provincial power grid companies as approved by the relevant government authorities in the People's Republic of China (the "PRC"), and some of these tariff rates followed the market-oriented price mechanism.
- (b) Provision of power generation represents income from the provision of power generation to other companies in the PRC which is calculated based on mutually agreed terms.
- (c) Subcontracting services for energy storage projects represent income from the project development and integration of energy storage power stations.

Segment information

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the "CODM") who make strategic decisions. The CODM reviews the internal reporting of the Company and its subsidiaries in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit/loss before taxation, excluding dividends from equity instruments at FVTOCI. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment assets exclude equity instruments at FVTOCI, deferred income tax assets and corporate assets, which are managed on a central basis.

Segment liabilities exclude deferred income tax liabilities, tax payable and corporate liabilities, which are managed on a central basis.

	Year ended 31 December 2021						
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Energy storage RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue							
Sales of electricity	21,997,404	5,342,709	3,399,091	3,263,619	-	-	34,002,823
Provision of power generation	75,052	4,843	2,137	69,829	-	-	151,861
Subcontracting services for energy storage projects	-	-	-	-	579,604	-	579,604
	<u>22,072,456</u>	<u>5,347,552</u>	<u>3,401,228</u>	<u>3,333,448</u>	<u>579,604</u>	<u>-</u>	<u>34,734,288</u>
Segment results	(492,863)	1,982,626	2,016,047	1,592,481	63,413	-	5,161,704
Unallocated income	-	-	-	-	-	367,500	367,500
Unallocated expenses	-	-	-	-	-	(928,337)	(928,337)
Operating (loss)/profit	(492,863)	1,982,626	2,016,047	1,592,481	63,413	(560,837)	4,600,867
Finance income	2,235	12,402	9,250	82,888	126	19,702	126,603
Finance costs	(1,180,062)	(832,191)	(751,936)	(1,062,932)	(294)	(34,085)	(3,861,500)
Share of results of associates	(333,969)	11,283	19,084	30,003	-	60,075	(213,524)
Share of results of joint ventures	(171,377)	-	48,579	-	-	3,518	(119,280)
(Loss)/profit before taxation	(2,176,036)	1,174,120	1,341,024	642,440	63,245	(511,627)	533,166
Income tax credit/(expense)	92,243	(228,405)	(83,363)	(68,345)	(21,152)	(52,925)	(361,947)
(Loss)/profit for the year	<u>(2,083,793)</u>	<u>945,715</u>	<u>1,257,661</u>	<u>574,095</u>	<u>42,093</u>	<u>(564,552)</u>	<u>171,219</u>
Other segment information							
Amounts included in the measure of segment profit or loss or segment assets:							
Capital expenditure							
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	2,465,256	732,314	8,669,996	5,241,549	296,525	319,430	17,725,070
Depreciation of property, plant and equipment	2,151,726	1,532,352	954,461	1,034,874	54	41,417	5,714,884
Depreciation of right-of-use assets	114,520	58,405	13,404	150,397	7	41,003	377,736
Amortization of other intangible assets	-	-	-	54,873	-	-	54,873
Loss/(gain) on disposal of property, plant and equipment, net	1,320	(5,865)	25	(1,295)	-	4,545	(1,270)
Impairment of property, plant and equipment	-	-	1,004	-	-	-	1,004
Loss/(gain) on disposal of subsidiaries (pre-tax)	12,256	(17,771)	204	-	-	118,540	113,229
Gain on disposal of assets and liabilities associated with disposal groups classified as held for sale	-	(80,109)	-	-	-	-	(80,109)
Gain on transfer from assets and liabilities associated with disposal groups classified as held for sale to an associate	(242,283)	-	-	-	-	-	(242,283)
Provision/(reversal) of impairment of other receivables	-	147	-	(1,843)	-	-	(1,696)

	As at 31 December 2021						
	Coal-fired electricity <i>RMB'000</i>	Hydropower electricity <i>RMB'000</i>	Wind power electricity <i>RMB'000</i>	Photovoltaic power electricity <i>RMB'000</i>	Energy storage <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets							
Other segment assets	45,189,693	37,103,681	39,258,311	34,697,974	830,503	-	157,080,162
Goodwill	67,712	768,944	-	246,637	-	-	1,083,293
Interests in associates	1,901,966	20,259	481,585	196,381	-	926,364	3,526,555
Interests in joint ventures	248,414	-	827,708	-	-	352,822	1,428,944
	<u>47,407,785</u>	<u>37,892,884</u>	<u>40,567,604</u>	<u>35,140,992</u>	<u>830,503</u>	<u>1,279,186</u>	<u>163,118,954</u>
Equity instruments at FVTOCI							5,235,995
Deferred income tax assets							714,348
Other unallocated assets							5,684,805
Total assets per consolidated statement of financial position							<u><u>174,754,102</u></u>
Segment liabilities							
Other segment liabilities	(5,151,527)	(3,560,081)	(3,822,599)	(3,860,786)	(556,025)	-	(16,951,018)
Borrowings	(31,916,128)	(26,467,276)	(21,801,327)	(19,745,922)	-	(2,398,062)	(102,328,715)
	<u>(37,067,655)</u>	<u>(30,027,357)</u>	<u>(25,623,926)</u>	<u>(23,606,708)</u>	<u>(556,025)</u>	<u>(2,398,062)</u>	<u>(119,279,733)</u>
Deferred income tax liabilities							(2,380,195)
Tax payable							(223,030)
Other unallocated liabilities							(986,347)
Total liabilities per consolidated statement of financial position							<u><u>(122,869,305)</u></u>

Year ended 31 December 2020

	Coal-fired electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue						
Sales of electricity	17,659,169	5,960,123	2,013,996	2,697,656	-	28,330,944
Provision of power generation	49,261	12,311	-	35,205	-	96,777
	<u>17,708,430</u>	<u>5,972,434</u>	<u>2,013,996</u>	<u>2,732,861</u>	<u>-</u>	<u>28,427,721</u>
Segment results						
Unallocated income	-	-	-	-	196,864	196,864
Unallocated expenses	-	-	-	-	(569,140)	(569,140)
Operating profit/(loss)						
Finance income	10,903	1,087	60,804	199,472	58,086	330,352
Finance costs	(1,055,942)	(901,032)	(406,044)	(783,676)	(57,004)	(3,203,698)
Share of results of associates	213,528	-	1,387	18,066	50,971	283,952
Share of results of joint ventures	38,111	-	7,169	(2,081)	462	43,661
Profit/(loss) before taxation						
Income tax expense	(294,084)	(468,441)	(43,231)	(56,648)	(38,172)	(900,576)
Profit/(loss) for the year						
	<u>522,769</u>	<u>1,544,442</u>	<u>675,730</u>	<u>540,543</u>	<u>(357,933)</u>	<u>2,925,551</u>
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants						
	3,902,112	1,747,182	6,902,048	5,486,785	231,133	18,269,260
Depreciation of property, plant and equipment						
	1,881,220	1,529,490	686,351	778,156	59,939	4,935,156
Depreciation of right-of-use assets						
	130,876	37,766	13,992	164,744	38,960	386,338
Amortization of other intangible assets						
	-	-	-	55,050	-	55,050
(Gain)/loss on disposal of property, plant and equipment, net						
	(1,716)	(596)	5,580	(10,695)	5,313	(2,114)
Impairment of property, plant and equipment						
	27,309	2,327	1,714	-	-	31,350
Impairment of goodwill						
	-	84,599	-	-	-	84,599
Impairment of a disposal group classified as held for sale						
	587,327	-	-	-	-	587,327
Reversal of impairment of other receivables						
	(3,243)	-	-	-	-	(3,243)

As at 31 December 2020

	Coal-fired electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets						
Other segment assets	41,898,139	38,246,694	28,572,751	30,650,832	-	139,368,416
Assets associated with disposal groups classified as held for sale	3,855,304	129,354	-	-	-	3,984,658
Goodwill	67,712	788,266	-	246,637	-	1,102,615
Interests in associates	2,271,342	12,000	97,889	160,124	663,867	3,205,222
Interests in joint ventures	421,766	-	527,169	-	78,847	1,027,782
	<u>48,514,263</u>	<u>39,176,314</u>	<u>29,197,809</u>	<u>31,057,593</u>	<u>742,714</u>	<u>148,688,693</u>
Equity instruments at FVTOCI						3,061,952
Deferred income tax assets						874,210
Other unallocated assets						<u>3,323,816</u>
Total assets per consolidated statement of financial position						<u><u>155,948,671</u></u>
Segment liabilities						
Other segment liabilities	(4,893,083)	(4,524,373)	(2,676,620)	(4,457,855)	-	(16,551,931)
Liabilities associated with disposal groups classified as held for sale	(2,717,787)	(3,886)	-	-	-	(2,721,673)
Borrowings	(25,054,902)	(29,442,542)	(14,425,168)	(11,366,615)	(7,261,979)	(87,551,206)
	<u>(32,665,772)</u>	<u>(33,970,801)</u>	<u>(17,101,788)</u>	<u>(15,824,470)</u>	<u>(7,261,979)</u>	<u>(106,824,810)</u>
Deferred income tax liabilities						(1,916,206)
Tax payable						(288,401)
Other unallocated liabilities						<u>(1,129,337)</u>
Total liabilities per consolidated statement of financial position						<u><u>(110,158,754)</u></u>

All revenue from external customers is generated from the PRC. As at 31 December 2021, except for cash and bank balances equivalent to RMB284,818,000 (2020: RMB257,287,000) which were deposited with certain banks in Hong Kong, substantially all of the Group's assets, liabilities and capital expenditure were located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2021, the Group's external revenue amounting to RMB18,843,414,000 (2020: RMB14,764,865,000) was generated from four (2020: three) major customers, each of which accounted for 10% or more of the Group's external revenue.

For the year ended 31 December 2021, major customers who accounted for 10% or more of the Group's external revenue are as follows:

<u>Major Customers</u>	<u>Proportion in approximate</u>	<u>Segments</u>
Customer A	16%	Coal-fired electricity
Customer B	14%	Coal-fired electricity, Wind power electricity and Photovoltaic power electricity
Customer C	14%	Coal-fired electricity and Photovoltaic power electricity
Customer D	11%	Hydropower electricity, Wind power electricity and Photovoltaic power electricity

3 Other income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Rental income	16,530	5,528
Hotel operations income	1,540	4,864
Income from provision of repairs and maintenance services	209,691	91,133
Dividend income	39,962	47,228
Income from provision of IT and other services	246,049	130,433
Others	-	4,916
	<u>513,772</u>	<u>284,102</u>

4 Other gains and losses, net

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortization of deferred income	34,092	21,643
Government subsidies	70,767	18,546
Gain on disposal of property, plant and equipment, net	1,270	2,114
(Loss)/gain on disposal of subsidiaries (pre-tax)	(113,229)	29,343
Gain on disposal of assets and liabilities associated with disposal groups classified as held for sale	80,109	-
Gain on transfer from assets and liabilities associated with disposal groups classified as held for sale to an associate	242,283	-
Profits on sales of unused power production quota	209,555	202,279
Gain on disposal of a joint venture	-	1,192
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	345,297	351,631
Gain on previously held equity interest remeasured at acquisition date fair value	-	17,227
Impairment of property, plant and equipment (Notes 10 and 13)	(1,004)	(31,350)
Impairment of a disposal group classified as held for sale (Note 13)	-	(587,327)
Profits on trading of electricity	17,905	36,817
Impairment of goodwill	-	(84,599)
Others	67,027	75,986
	<u>954,072</u>	<u>53,502</u>

5 Other operating expenses

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortization of other intangible assets	54,873	55,050
Research and development expenses	209,991	108,541
Lease expenses	36,690	37,343
Separation and transfer expenses on water/power/gas supply and property management (note)	-	67,200
Reversal of impairment of an amount due from a joint venture and other receivables	(1,696)	(3,243)
Reservoir maintenance and usage fees	70,596	84,200
Power and heat generation costs	801,907	793,646
Cost of purchase of unused power production quota	10,944	13,594
Administrative and selling related expenses	530,460	414,919
Taxes and surcharges	330,379	345,252
Others	390,979	211,154
	2,435,123	2,127,656

Note:

In accordance with the Notice of the Office of the State Council on the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance Regarding the Guidelines Related to the Separation and Transfer of “Water/Power/Gas Supply and Property Management” in the Employee Living Areas of the State-owned Enterprises (Guo Ban Fa [2016] No. 45) (《國務院辦公廳轉發國務院國資委、財政部關於國有企業職工家屬區「三供一業」分離移交工作指導意見的通知》(國辦發[2016]第45號)), the Group separated its functions of water, power and heat (gas) supply and property management in the employee living areas of the Group and transferred to professional enterprise or institution for socialized management. For the year ended 31 December 2021, the expenses arising from the separation and transfer of water/power/gas supply and property management of the Group of nil (2020: RMB67,200,000) were charged to profit and loss.

6 Operating profit

Operating profit is stated after charging/(crediting) the following:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortization of other intangible assets	54,873	55,050
Auditor's remuneration	6,943	6,962
Research and development expenses	209,991	108,541
Depreciation:		
- property, plant and equipment	5,714,884	4,935,156
- right-of-use assets	377,736	386,338
Lease expenses:		
- equipment	23,141	12,049
- leasehold land and buildings	13,549	25,294
Separation and transfer expenses on water/power/gas supply and property management	-	67,200
Reversal of impairment of an amount due from a joint venture and other receivables	(1,696)	(3,243)
Reservoir maintenance and usage fees	70,596	84,200
Cost of purchase of unused power production quota	10,944	13,594

7 Finance income and finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Finance income		
Interest income from bank deposits	23,406	14,826
Interest income from related parties	26,861	33,162
Interest income from discounting effect on clean energy power price premium receivable (Note 12(b))	76,336	282,364
	<u>126,603</u>	<u>330,352</u>
Finance costs		
Interest expense on		
- bank borrowings	3,342,572	1,810,077
- borrowings from related parties	598,439	1,648,610
- other borrowings	250,114	214,508
- amounts due to related parties	16,948	6,867
- lease liabilities	172,266	178,577
- provisions for other long-term liabilities (Note 18)	104,054	103,969
	<u>4,484,393</u>	<u>3,962,608</u>
Less: amounts capitalized to property, plant and equipment	<u>(579,651)</u>	<u>(570,148)</u>
	3,904,742	3,392,460
Exchange gain, net	<u>(43,242)</u>	<u>(188,762)</u>
	<u><u>3,861,500</u></u>	<u><u>3,203,698</u></u>

The weighted average interest rate on capitalized borrowings is approximately 3.82% (2020: 4.34%) per annum.

8 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits arising in Hong Kong for the year ended 31 December 2021 (2020: Nil).

The provision for PRC current income tax was calculated based on the statutory tax rate of 25% (2020: 25%) on the estimated assessable profits for the year except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2020: 7.5%, 12.5% or 15%).

The amount of income tax recognized in the consolidated income statement represents:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PRC current income tax		
Charge for the year	271,245	736,179
Under/(over) provision in prior years	5,192	(32,401)
	<u>276,437</u>	<u>703,778</u>
Deferred income tax		
Charge for the year	85,510	196,798
	<u>361,947</u>	<u>900,576</u>

Share of income taxation credit attributable to associates and joint ventures for the year ended 31 December 2021 of RMB59,000,000 (2020: charge of RMB77,609,000) and RMB28,231,000 (2020: charge of RMB7,980,000) respectively were included in the Group's share of results of associates and joint ventures respectively.

9 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year attributable to ordinary shareholders of the Company by the weighted average number of shares in issue during the year.

	2021	2020
(Loss)/profit for the year attributable to equity holders of the Company (RMB'000)	(515,693)	1,708,305
Profit for the year attributable to holders of other equity instruments (RMB'000)	(134,250)	(18,140)
(Loss)/profit for the year attributable to ordinary shareholders of the Company used in the basic (loss)/earnings per share calculation (RMB'000)	<u>(649,943)</u>	<u>1,690,165</u>
Weighted average number of shares in issue (shares in thousands)	<u>9,871,570</u>	<u>9,806,886</u>
Basic and diluted (loss)/earnings per share (RMB (note))	<u>(0.07)</u>	<u>0.17</u>

Note: The Group had no potentially dilutive ordinary shares outstanding during the year ended 31 December 2021 (2020: Nil).

10 Property, plant and equipment

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	112,954,766	99,044,926
Additions and transfer from prepayments	17,821,755	19,750,707
Acquired on acquisitions of subsidiaries	2,853,504	780,112
Reclassified from right-of-use assets	868,705	1,751,981
Disposal of subsidiaries	(136,040)	(3,056,782)
Disposals	(22,467)	(416,767)
Reclassified to a disposal group classified as held for sale	-	(110,224)
Depreciation charged for the year	(5,714,884)	(4,935,156)
Impairment written off upon disposal	70,916	171,244
Impairment recognized for the year (Note 4)	(1,004)	(25,275)
	<u>128,695,251</u>	<u>112,954,766</u>
At 31 December	<u>128,695,251</u>	<u>112,954,766</u>

11 Other intangible assets

Other intangible assets represent the carrying amount of the favourable tariff contracts acquired on the acquisition of certain photovoltaic power companies. These intangible assets have finite useful lives and are amortized on a straight-line basis over the periods of 17 to 20 years (2020: 17 to 20 years).

12 Accounts receivable

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Accounts receivable from regional and provincial power grid companies (notes (a) and (b))	8,753,405	8,309,429
Accounts receivable from other companies (note (a))	675,972	14,691
	<u>9,429,377</u>	<u>8,324,120</u>
Notes receivable (note (d))	158,355	179,169
	<u>9,587,732</u>	<u>8,503,289</u>
Analyzed for reporting purpose as:		
- Non-current (included in other non-current assets) (note (b))	1,224,850	1,217,308
- Current	8,362,882	7,285,981
	<u>9,587,732</u>	<u>8,503,289</u>

Notes:

The comparative figures in the analysis below included those accounts receivable as part of disposal groups classified as held for sale (Note 13) as at 31 December 2020 of RMB 117,141,000.

To measure the ECL of accounts receivable, accounts and notes receivables have been assessed individually upon the application of HKFRS 9. The loss allowance of the accounts receivable as at 31 December 2021 and 2020 was insignificant.

(a) The ageing analysis of the accounts receivable based on invoice date is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Unbilled	1,224,850	1,217,308
1 to 3 months	8,204,527	7,223,953
	9,429,377	8,441,261

The accounts receivable that were neither past due nor impaired had been assessed by reference to the historical information about counterparty default rates. The existing counterparties did not have significant default in the past.

(b) As at 31 December 2021, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB1,224,850,000 which was unbilled and was stated after discounting.

The clean energy power price premium, which was a component of the government-approved on-grid tariff for wind and photovoltaic power generation, was recognized as revenue from sales of electricity in the consolidated income statement of the Group for its wind and photovoltaic power projects.

The financial resource for the clean energy power price premium was the national renewable energy fund that accumulated through a special levy on the consumption of electricity. Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance (the “MOF”), the National Development and Reform Commission (the “NDRC”) and the National Energy Administration (the “NEA”) in March 2012, the standardized application and approval procedures on a project by project basis for the settlement of the tariff premium came into force since 2012, and such applications were accepted and approved batch by batch jointly by the MOF, the NDRC and the NEA at intervals in form of announcing renewable energy subsidy catalogues (the “Subsidy Catalogue”).

In February 2020, the MOF, the NDRC and the NEA jointly issued new guidelines and notices, i.e., Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) (collectively referred to as the “New Guidelines”). Pursuant to the New Guidelines, the quota of new subsidies were decided based on the scale of subsidy funds, there would not be any new Subsidy Catalogue to be published for tariff premium and as an alternative, power grid companies would publish lists of renewable energy projects qualified for tariff premium (the “Subsidy List”) periodically after the renewable energy generators have gone through certain approval and information publicity process.

Based on the above New Guidelines and their past experience, the directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It was expected that the Group's wind and photovoltaic power projects would be listed as qualified projects for tariff premium after 31 December 2022 (2020: obtained after 31 December 2021) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. For the year ended 31 December 2021, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 4.01% (2020: 4.75%) per annum, and the Group's revenue was adjusted by RMB58,148,000 (2020: RMB42,668,000) and interest income amounting to RMB76,336,000 (2020: RMB282,364,000) (Note 7) was recognized.

- (c) In December 2020, accounts receivable amounting to RMB950,000,000 has been transferred to a single asset management plan set up by Shenwan Hongyuan Securities Co., Ltd. The directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivables and retained control of the underlying assets, and therefore, as at 31 December 2021, the Group recognized the transferred assets to the extent of its continuing involvement amounting to RMB75,050,000 (2020: RMB112,575,000) as other non-current assets and the associated liabilities as other non-current liabilities.

In November 2021, accounts receivable amounting to RMB1,184,931,000 has been transferred to State Power Investment Corporation Limited* (“**SPIC**”) for participating in its Asset Backed Notes Transaction. The directors consider that the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivables and retained control of the underlying assets, and therefore, as at 31 December 2021, the Group recognized the transferred assets to the extent of its continuing involvement amounting to RMB113,753,000 as other non-current asset and the associated liabilities as other non-current liabilities.

- (d) As at 31 December 2021, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days (2020: 360 days).
- (e) As at 31 December 2021, certain bank borrowings, long-term borrowings from related parties (Note 15(b)) and certain lease liabilities were secured by the rights on certain accounts receivable. The accounts receivable pledged under these debts as at 31 December 2021 amounted to RMB2,568,225,000 (2020: RMB2,476,191,000).

13 Assets and liabilities associated with disposal groups classified as held for sale

China Power Shentou Power Generating Company Limited* (“**CP Shentou**”)

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited* (“**Shanxi Shentou**”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited* (“**Sujin Energy**”), an associate of the Group, in Shanxi Province of the PRC. And the Company would use its 80% equity interest in CP Shentou as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2018.

On 26 November 2021, the Company entered into the partnership agreement with Dongyin (Tianjin) Enterprise Management Consulting Co., Ltd.*, China Orient Asset Management Co., Ltd.* and SPIC Asset Management Co., Ltd.* to form a limited partnership Tianjin Dongfu Zengxiao Investment Management Center (limited partnership) (“**Tianjin Dongfu**”), pursuant to which the Company acted as a limited partner. On the same day, Shanxi Shentou and Tianjin Dongfu executed the equity transfer agreement, pursuant to which Shanxi Shentou would sell and Tianjin Dongfu would purchase the 40% equity interest of CP Shentou for a consideration of RMB206,293,000. On 23 December 2021, the transaction was completed as the China Beijing Equity Exchange issued the equity transaction certificate to Tianjin Dongfu. Upon completion, CP Shentou ceased to be a subsidiary and became an associate of the Group. Since then, the financial results and financial position of CP Shentou was accounted for under the equity method by the Group.

For the year ended 31 December 2020, an impairment of asset classified as held for sale of RMB587,327,000 (Note 4), being the difference of CP Shentou’s fair value less costs to sell and its carrying amount as at 31 December 2020 and an impairment of property, plant and equipment of RMB6,075,000 (Note 4) were recognized as other losses in the consolidated income statement. There was no such impairment recorded for the year ended 31 December 2021.

Sichuan Xingtie Electrical Equipment Co., Ltd.* (“**Sichuan Xingtie**”)

In December 2020, Wu Ling Power Corporation* (“**Wu Ling Power**”), a subsidiary of the Company, entered into a transfer agreement, pursuant to which Wu Ling Power transferred its 70% equity interest in Sichuan Xingtie to Beijing Guangyao Chunxi Enterprise Management Consulting Partnership (limited partnership), a third party. This transaction was highly probable to complete within one year, and, therefore, the assets and liabilities attributable to Sichuan Xingtie were classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2020. In 2021, the transaction was complete and the consideration of RMB 9,682,000 was received.

14 Other equity instruments

On 5 November 2020, the Company issued the first tranche of RMB1,500,000,000 perpetual medium-term note (the “**First Perpetual Medium-term Note**”) at an initial interest rate of 4.35% per annum. The proceeds from the issuance of the First Perpetual Medium-term Note after deducting the issuance cost were approximately RMB1,498,800,000. Coupon interest payments of 4.35% are paid annually in arrears on 5 November each year starting from 2021, and may be deferred at the discretion of the Company. The first call date is 5 November 2023.

On 18 November 2020, the Company issued the second tranche of RMB1,500,000,000 perpetual medium-term note (the “**Second Perpetual Medium-term Note**”) at an initial interest rate of 4.60% per annum. The proceeds from the issuance of the Second Perpetual Medium-term Note after deducting the issuance cost were approximately RMB1,498,800,000. Coupon interest payments of 4.60% are paid annually in arrears on 18 November each year starting from 2021, and may be deferred at the discretion of the Company. The first call date is 18 November 2023.

In 2021, the profit attributable to holders of other equity instruments, based on the applicable interest rate, was RMB134,250,000 (2020: RMB18,140,000) and RMB134,250,000 (2020: Nil) has been paid in 2021.

15 Borrowings from related parties

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current		
Long-term borrowings from SPIC (note (a))	8,653,020	8,758,020
Long-term borrowings from SPIC Financial Company Limited* (“ SPIC Financial ”) (note (b))	3,799,840	3,759,840
Long-term borrowings from China Power International Holding Limited (“ CPI Holding ”) (note (c))	50,000	-
Long-term borrowings from other related parties (note (d))	379,800	584,600
	12,882,660	13,102,460
Less: Current portion of long-term borrowings from SPIC	(2,900,000)	(500,000)
Less: Current portion of long-term borrowings from SPIC Financial	(1,425,000)	(480,000)
	8,557,660	12,122,460
Current		
Short-term borrowings from SPIC	-	900,000
Short-term borrowings from SPIC Financial (note (e))	1,130,000	300,000
Short-term borrowings from CPI Holding (note (f))	200,000	-
Short-term borrowings from other related parties (note (g))	453,626	647,210
Current portion of long-term borrowings from SPIC (note (a))	2,900,000	500,000
Current portion of long-term borrowings from SPIC Financial (note (b))	1,425,000	480,000
	6,108,626	2,827,210
	14,666,286	14,949,670

Notes:

The comparative figures in the analysis below included those borrowings from related parties as part of disposal groups classified as held for sale (Note 13) as at 31 December 2020 of RMB800,000,000.

- (a) The long-term borrowings from SPIC were unsecured, interest bearing from 3.29% to 4.75% (2020: 3.45% to 5.15%) per annum.
- (b) The long-term borrowings from SPIC Financial of RMB50,000,000 (2020: RMB50,000,000) were secured against the rights on accounts receivable of a subsidiary (Note 12(e)), interest bearing at 4.42% (2020: 4.51%) per annum. The remaining balances were unsecured, interest bearing from 3.25% to 5.07% (2020: 3.50% to 5.23%) per annum.
- (c) As at 31 December 2021, the long-term borrowings from CPI Holding were unsecured, interest bearing at 3.92% per annum.

- (d) As at 31 December 2021, the long-term borrowings from other related parties were unsecured, interest bearing from 4.41% to 4.46% (2020: 4.66% to 5.95%) per annum.
- (e) The short-term borrowings from SPIC Financial as at 31 December 2021 were unsecured, interest bearing from 3.45% to 4.34% (2020: 3.92% to 4.34%) per annum and repayable within one year.
- (f) The short-term borrowings from CPI Holding as at 31 December 2021 are unsecured, interest bearing at 3.92% per annum and repayable within one year.
- (g) The short-term borrowings from other related parties as at 31 December 2021 were unsecured, interest bearing from 3.47 % to 3.75% (2020: 3.47 % to 3.75%) per annum and repayable within one year.

16 Other borrowings

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current		
Medium-term notes issued by the Company (note (a))	7,000,000	4,000,000
Long-term other borrowings from third parties (note (b))	1,200,325	100,000
	<u>8,200,325</u>	<u>4,100,000</u>
Less: Current portion of medium-term notes issued by the Company	<u>(2,000,000)</u>	<u>(2,000,000)</u>
	<u>6,200,325</u>	<u>2,100,000</u>
Current		
Super & short-term commercial papers issued by a subsidiary (note (c))	1,020,000	1,000,000
Super & short-term commercial papers issued by the Company (note (d))	1,500,000	500,000
Short-term other borrowing from a third party	100,000	430,000
Current portion of medium-term notes issued by the Company (note (a))	2,000,000	2,000,000
	<u>4,620,000</u>	<u>3,930,000</u>
	<u>10,820,325</u>	<u>6,030,000</u>

Notes:

- (a) The balance represents three medium-term notes and the green note issued by the Company, which are unsecured and RMB denominated. These medium-term notes are each of RMB2,000,000,000 issued in September 2019, April 2021 and October 2021 respectively, each for a term of three years, interest bearing at 3.55%, 3.54% and 3.47% per annum respectively. The green note of RMB1,000,000,000 was issued in October 2021 for a term of three years, interest bearing at 3.39% per annum. As at 31 December 2021, the medium-term note issued in September 2019 was classified and presented as current.
- (b) As at 31 December 2021, the balance was unsecured, interest bearing from 4.05% to 5.30% (2020: 4.45%) per annum.
- (c) As at 31 December 2021, the balance represented the unsecured RMB denominated super & short-term commercial papers issued by Wu Ling Power, interest bearing from 2.57% to 2.90% (2020: 2.50%) per annum.

- (d) The balance represented two unsecured RMB denominated super & short-term commercial papers of RMB500,000,000 and RMB1,000,000,000 (2020: RMB500,000,000) issued by the Company in August and November 2021 (2020: May 2020) for a term of 210 days and 269 days respectively (2020: 270 days), interest bearing at 2.63% and 2.88% (2020: 2.00%) per annum respectively.

17 Lease liabilities

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Lease liabilities	3,592,386	3,880,729
Less: Amounts payable within 12 months shown under current liabilities	<u>(417,917)</u>	<u>(543,387)</u>
Amounts payable after 12 months shown under non-current liabilities	<u><u>3,174,469</u></u>	<u><u>3,337,342</u></u>

18 Provisions for other long-term liabilities

Provisions for other long-term liabilities represented provisions for inundation compensation caused by the construction of certain hydropower plants of the Group in accordance with the rules and regulations of inundation compensation.

The provisions were measured at the present value of the expenditures expected to be required to settle the compensations, based on the latest rules and regulations as set out by the relevant local government authorities in the PRC, compensation per unit of area, growth rate of compensation, and the expected useful lives of these hydropower plants, using a pre-tax discount rate that reflects current assessments of the time value of money and the risks specific to the compensations. The increase in the provisions due to the passage of time has been recognized as interest expense.

Analysis of the provisions for inundation compensation as at 31 December 2021 and 2020 is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liabilities	1,868,232	1,868,610
Current liabilities (included in other payables and accrued charges)	<u>104,432</u>	<u>103,224</u>
	<u><u>1,972,664</u></u>	<u><u>1,971,834</u></u>

The movements of the provisions for inundation compensation for the years ended 31 December 2021 and 2020 are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At 1 January	1,971,834	1,173,786
Recognition during the year	-	775,305
Interest expense (Note 7)	104,054	103,969
Payment	<u>(103,224)</u>	<u>(81,226)</u>
At 31 December	<u><u>1,972,664</u></u>	<u><u>1,971,834</u></u>

19 Accounts and bills payables

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable (note (a))	1,668,327	657,443
Bills payable (note (b))	167,695	336,454
	<hr/>	<hr/>
	1,836,022	993,897
	<hr/> <hr/>	<hr/> <hr/>

Notes:

The comparative figures in the analysis below included those accounts payable as part of disposal groups classified as held for sale (Note 13) as at 31 December 2020 of RMB73,738,000.

- (a) The normal credit period for accounts payable generally ranges from 60 to 180 days. The ageing analysis of the accounts payable based on invoice date is as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 6 months	1,531,869	678,832
7 to 12 months	69,598	74
Over 1 year	66,860	52,275
	<hr/>	<hr/>
	1,668,327	731,181
	<hr/> <hr/>	<hr/> <hr/>

- (b) As at 31 December 2021, bills payable were bills of exchange with maturity period ranged from 3 to 12 months (2020: ranged from 3 to 12 months).

BUSINESS REVIEW

The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and coal-fired power plants, and the provision of energy storage, green power transportation and integrated intelligent energy services. Its businesses are located in various major power grid regions of China.

2021 is the first year of the Chinese Government's "14th Five-Year" plan. In face of the complex global and domestic environment, the Chinese economy continued to maintain steady growth. Driven by policies such as the expansion of domestic demand and other initiatives, the gross domestic product recorded a year-on-year increase of 8.1% last year. The higher-than-expected data reflected that the Chinese economy sustained its recovery and development amid the ongoing pandemic.

In 2021, the national total electricity consumption in China rose by 10.3% year-on-year and the national power generation recorded a year-on-year increase of 8.1%, among which, wind power, photovoltaic power and coal-fired power increased by 40.5%, 25.2% and 8.4% respectively, while hydropower decreased by 2.5%.

With the Group's strenuous efforts in developing clean energy, the return on investment of the new energy projects has risen gradually and the proportion of profits contributed by the new energy projects continued to increase. The aggregate electricity sales of wind power and photovoltaic power in terms of MWh increased year-on-year by 58.40%, and the aggregate profit for the year increased year-on-year by 50.60%.

However, despite the growth in power demand as stimulated by the strong rebound of the domestic economy, fuel prices soared drastically. Coal prices skyrocketed and hit record highs repeatedly during the second half of last year, which has affected the results performance of the coal-fired power enterprises. The results of the Group's coal-fired power segment turned from profit to loss making, dragging on the overall performance of the Company.

For the year ended 31 December 2021, the loss attributable to equity holders of the Company amounted to RMB515,693,000 (2020: profit of RMB1,708,305,000). Basic loss per share was approximately RMB0.07 (2020: earnings of RMB0.17). As at 31 December 2021, net assets per share (excluding non-controlling interests and other equity instruments) was approximately RMB3.03.

During the year under review, the development and performance of the Group's principal businesses were as follows:

Installed Capacity

As at 31 December 2021, the consolidated installed capacity of the Group's power plants was 28,931.9MW, representing a year-on-year increase of 2,086.1MW. Among them, the consolidated installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 15,091.9MW in total, accounting for approximately 52.16% of the total consolidated installed capacity and representing an increase of 8.18 percentage points as compared with last year. All of the additional installed capacity were derived from clean energy projects. As at 31 December 2021, the Group's total installed capacity of clean energy projects under construction exceeded 4,600MW.

During the year under review, the Group successfully disposed part of its equity interests in a coal-fired power subsidiary, marking a major step forward in the gradual and orderly divestment of its coal-fired power business in a bid to achieve the targets of "30 • 60 Carbon Emission Peak and Carbon Neutrality" (the dual targets of achieving carbon emission peak by 2030 and carbon neutrality by 2060, or the dual carbon targets of 30 • 60) as soon as possible.

Project Development

With the national goals of “30 • 60 Carbon Emission Peak and Carbon Neutrality”, the comprehensive transition of the power industry towards clean energy is an inevitable trend. Following the new round of integrated development of technological and industrial reforms, new industries and new modes of energy use such as big data, cloud computing, energy storage technology and intelligent energy emerged one after another, while sectors such as integrated intelligent energy and energy storage have become the new drivers of the energy revolution.

During the year under review, the Group also entered into several cooperation agreements with various municipal governments, including Heilongjiang Province and Liaoning Province, and different organizations in relation to investment and development of green and low-carbon intelligent assets and clean energy projects, which will further accelerate the green-and-clean transformation of the Group.

Offshore Wind Power Projects

With the release of “The 14th Five-Year Plan for National Economic and Social Development and the Outline of Long-term Goals for 2035 of the PRC (《中國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》)”, the national plan specified the strategy to scale up the development of Shandong Peninsula and implement quality and green development, which has provided certainty on the prospects of development of the local wind power industry. During the year under review, Haiyang Wind Power, a subsidiary of the Company located in Shandong Province, seized the opportunity to develop the first offshore wind power demonstration project in the province, which is also the first offshore wind power project of the Group. Phase 1 of the wind power generation project with an installed capacity of 300MW was connected to the power grid at full capacity by the end of 2021, and commenced commercial operation in early 2022.

In response to the “Three-year Action Plan for Accelerating the Development of Seaward Economy and Promoting the Construction of a Powerful Region of Marine Economy in Guangxi (2020 – 2022) (《廣西加快發展向海經濟推動海洋強區建設三年行動計劃(2020 – 2022年)》)”, Changzhou Hydropower, a subsidiary of the Company, entered into a joint venture agreement in June 2021 to jointly develop offshore wind power projects in Guangxi Zhuang Autonomous Region of the PRC. Currently, the Group is actively engaging in the investment of relevant competitive projects whilst promoting the development of offshore wind power projects in Guangxi region. It is expected that this will further enhance the Group’s local market position by expanding its scale of operation and the layout of its clean energy bases in the region.

Green and Intelligent Projects for Revitalization of Rural Areas

The Xiaogang Village Project in Anhui Province, the PRC is an integrated smart energy demonstration project of photovoltaic power generation for transformational and digital development of the rural area that combines ecological energy, smart facilities and green industries. Phase 1 of the project, which included ecological energy projects of agricultural-photovoltaic complementary power generation, has successfully commenced production during the year under review. The feasibility study for the development of Phase 2 of the project is also underway with a target to commence construction in 2022.

The agricultural-photovoltaic complementary power generation project in Zhuwa Town, Xishui County, Hubei Province of the PRC is one of the key projects of the Group with an objective to actively implement the new national strategies for energy security and the dual carbon targets of “30 • 60”. Having commenced operation at full capacity during the year, the project not only enables the reduction of carbon emissions, but also facilitates the revitalization of rural areas and boosts local employment through our low-carbon and zero-carbon solutions.

Energy Storage Projects

During the year under review, the Group actively developed its energy storage business and cooperated with Beijing Hyper Strong Technology Co., Ltd., the No. 1 company in terms of energy capacity in the energy storage sector in the PRC, to establish Xinyuan Smart Storage, which is a company principally engaged in project development and investment of energy storage and power stations, and the research and development, assembling integration, subcontracting and operation of the facilities of the entire power station. The Haiyang 101MW/202MWh Energy Storage and Power Station, the first contracted project undertaken by Xinyuan Smart Storage, has been connected to the power grid successfully during the year and will be able to consume new energy power of 100,000MWh annually. The contracted construction of Golmud 100MW/200MWh Energy Storage and Power Station, the single largest energy storage sharing project in Qinghai Province in terms of capacity, is also in progress and undertaken by Xinyuan Smart Storage. It is expected that the revenue from power grid ancillary services of Xinyuan Smart Storage will become a strong profit growth driver of the Group in the coming future.

Overseas Development Projects

During the year, Cox’s Bazar 66MW Project, the first overseas wind power project of the Group, was officially launched in Bangladesh and commenced construction. The Group will push ahead with the commencement of production of the project in a safe, high quality and efficient manner, at the same time intensely expanding its presence in the local market to accelerate the implementation of subsequent projects in Bangladesh.

Zhanatas 100MW Wind Power Project, an entrusted management project of the Group, has also completed connection to the power grid during the year, becoming the largest wind power project in Central Asian region. The day-to-day entrusted management services and the agreed pre-emptive rights have laid a solid foundation for smooth expansion into the local markets of the region in the future.

Electricity Sales

The details of electricity sold by the Group are set out as follows:

	2021	2020	Changes
	<i>MWh</i>	<i>MWh</i>	%
Total electricity sold	98,793,792	88,255,525	11.94
- Hydropower	20,860,520	24,471,737	-14.76
- Wind power	6,888,335	4,055,528	69.85
- Photovoltaic power	7,093,353	4,771,492	48.66
- Coal-fired power	62,887,613	54,770,211	14.82
- Natural gas power	1,063,971	186,557	470.32

In 2021, the total electricity sold by the Group amounted to 98,793,792MWh, representing an increase of 11.94% as compared with the previous year. The changes in electricity sold by each power segment as compared with the previous year were as follows:

- **Hydropower** — A decrease of 14.76% in electricity sold due to a year-on-year decrease in rainfall in the river basins where the Group's hydropower plants are located during the year.
- **Wind Power and Photovoltaic Power** — Benefiting from a large number of new power generating units of the Group that were put into commercial operation during the year, the electricity sales of wind power and photovoltaic power recorded a year-on-year increase of 69.85% and 48.66%, respectively.
- **Coal-fired Power** — Driven by the year-on-year increase in electricity demand during the year and the commencement of commercial operation of new coal-fired power generating units since late 2020, the electricity sold increased by 14.82% year-on-year.
- **Natural Gas Power** — The electricity sold increased by 470.32% year-on-year due to the commencement of operation of new projects during the year.

In 2021, the majority of the Group's power plants increased in terms of incentive electricity gained for the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heat supply capacity and productivity of certain coal-fired power generating units.

The details of electricity sold by the Group's main associates and joint ventures are set out as follows:

	2021 <i>MWh</i>	2020 <i>MWh</i>	Changes %
Total electricity sold	23,450,162	18,394,632	27.48
Associates			
- Photovoltaic power	107,597	101,132	6.39
- Coal-fired power	18,440,493	14,447,574	27.64
Joint Ventures			
- Wind power	1,374,815	450,613	205.10
- Coal-fired power	3,527,257	3,395,313	3.89

Sales of Heat

In order to strongly support the existing environmental policies promulgated by the Chinese Government, the Group has carried out in-depth exploration of the heat supply potentials in various regions, strengthened the development of heat market and promoted the construction of centralized heating pipe networks and developed heat and electricity co-generation projects, thereby achieving positive results in various areas such as energy efficiency upgrade and development of heat supply market. In 2021, the total heat sold by the Group (including an associate and a joint venture) was 28,206,686GJ, representing an increase of 6,055,639GJ or 27.34% as compared with the previous year.

Direct Power Supply

The Group has actively participated in the market-oriented reform of the national power industry and enhanced the research on electricity market policies, particularly the trading of spot electricity, green certificate/green energy, carbon emission quotas and related market policies and regulations. Keeping abreast of the reform, it maximized power sales and market share through increased participation in direct power supply transactions (including competitive bidding for on-grid electricity sales). Subsidiaries in various provinces have also established their power sales centers to attract more target customers by provision of quality services.

In 2021, for those coal-fired power plants and hydropower plants of the Group which participated in direct power supply transactions, their electricity sold through direct power supply transactions amounted to 40,059,220MWh and 5,952,780MWh respectively, together accounting for approximately 46.57% (2020: 48.24%) of the Group's total electricity sold.

In 2021, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average on-grid tariffs were at a discount of approximately 0.70% and 6.53% (2020: 7.80% and 6.50%) respectively compared with the respective average on-grid tariffs officially approved by the Chinese Government. The tariff discount of direct power supply for coal-fired power was significantly lowered than that of the previous year, mainly due to the increase in coal price and the tense demand-supply relationship of coal-fired power during the year, which led to improved bargaining power of coal-fired power enterprises in the market transactions.

Average On-Grid Tariff

In 2021, the Group's average on-grid tariffs of each power generation segment as compared with the previous year were as follows:

- Hydropower was RMB256.35/MWh, representing an increase of RMB12.30/MWh. It was mainly attributable to the fact that the Group's hydropower plant in Hunan Province bore less share of the electricity subsidies to the ancillary service markets for the local government during the year as compared with the previous year.
- Wind power was RMB493.77/MWh, representing a decrease of RMB2.84/MWh.
- Photovoltaic power was RMB469.94/MWh, representing a decrease of RMB102.81/MWh. It was mainly attributable to the impact of the government's subsidies reduction policy for photovoltaic power tariff and the commencement of operation of the Group's photovoltaic power generation grid parity and competitive-bidding projects successively during the year, which resulted in a significantly lower average tariff of photovoltaic power.
- Coal-fired power was RMB341.48/MWh, representing an increase of RMB19.98/MWh. It was mainly attributable to the suspension for power curtailment of certain enterprises arising from soaring coal prices and various measures adopted by the government to safeguard power supply accordingly, such as relaxing the price cap for electricity in the market, which resulted in the significant decline in tariff discounts for direct power supply as compared with the previous year.

- Natural gas power was RMB561.60/MWh, representing an increase of RMB27.30/MWh. It was mainly attributable to the higher average tariff of the power generating units newly putting into commercial operation during the year.

Average Utilization Hours of Power Generating Units

In 2021, the average utilization hours of power generating units of each power segment of the Group as compared with the previous year were as follows:

- The average utilization hours of hydropower generating units was 3,866 hours, representing a decrease of 648 hours as compared with the previous year, which was mainly attributable to the decrease in power generation as a result of the decrease in rainfall in the river basins where most of the Group's hydropower plants are located during the year.
- The average utilization hours of wind power generating units was 2,355 hours, representing an increase of 245 hours as compared with the previous year, which was mainly attributable to the higher average utilization hours of the newly operating generating units.
- The average utilization hours of photovoltaic power stations was 1,547 hours, representing an increase of 114 hours as compared with the previous year, which was mainly attributable to the results achieved from effective facility management and maintenance.
- The average utilization hours of the coal-fired power generating units was 4,430 hours, representing an increase of 326 hours as compared with the previous year, which was attributable to the recovery of power consumption driven by the year-on-year increase in electricity demand during the year.
- The average utilization hours of the natural gas power generating units was 3,995 hours, representing a decrease of 937 hours as compared with the previous year, which was attributable to the lower average utilization hours of the newly operating generating units.

OPERATING RESULTS OF 2021

In 2021, the net profit of the Group amounted to RMB171,219,000, representing a decrease of RMB2,754,332,000 or 94.15% as compared with the previous year.

In 2021, the net profit (loss) of each operating segment was as follows:

Operating Segment	2021	2020	Changes
	RMB'000	RMB'000	%
- Hydropower	945,715	1,544,442	-38.77
- Wind power	1,257,661	675,730	86.12
- Photovoltaic power	574,095	540,543	6.21
- Coal-fired power	(2,083,793)	522,769	-498.61
- Energy storage	42,093	-	-
- Unallocated	(564,552)	(357,933)	57.73

As compared with 2020, the changes in net profit were mainly due to the following factors:

Revenue

The revenue of the Group was mainly derived from the sales of electricity to regional and provincial power grid companies, and the provision of power generation and subcontracting services for energy storage projects. In 2021, the Group recorded a revenue of RMB34,734,288,000, representing an increase of 22.18% as compared with RMB28,427,721,000 of the previous year.

In 2021, the details of revenue of each operating segment are set out as follows:

- Revenue from hydropower decreased by RMB624,882,000, which was attributable to the decrease in electricity sales of hydropower during the year.
- Revenue from wind power and photovoltaic power increased by RMB1,987,819,000 in aggregate due to the commencement of commercial operation of various projects.
- Revenue from coal-fired power increased by RMB4,364,026,000, which was attributable to the increase in electricity sales of coal-fired power as compared with the previous year, benefitted from the year-on-year growth in power demand.
- Revenue of RMB579,604,000 represents the Group's revenue generated from the provision of subcontracting services for development and assembling integration of energy storage power stations.

Operating Costs

Operating costs of the Group mainly consist of fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, subcontracting costs, consumables and other operating expenses. In 2021, the operating costs of the Group amounted to RMB31,601,265,000, representing an increase of 41.12% as compared with RMB22,393,465,000 of the previous year. The increase in operating costs was mainly due to the significant increase in fuel costs, and the increase in both depreciation and other operating expenses as further explained below.

Total Fuel Costs

The total fuel costs increased by RMB7,061,819,000 as a result of the year-on-year surge in coal prices and the corresponding increase in fuel consumption in tandem with the increase in electricity sales of coal-fired power.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB277.80/MWh, representing a significant increase of 40.94% from that of RMB197.10/MWh for the previous year. This was mainly attributable to the rising and record-breaking coal prices resulting from the tight supply and demand in the thermal coal market under the combined effect of strong power demand and coal supply shortage since the second half of last year. In response to the new trend of "fast-growing, highly fluctuating and rapidly evolving" coal market at the moment, the Group adopted the strategy of "optimizing long-term contract, increasing import

and establishing coal reserve at staggered peaks” to exercise control over coal prices and fulfilled over 90% of long-term coal contracts. The Group also took advantage of favorable policies to procure more imported coal and develop new coal import channels for its onshore power plants. As such, the year-on-year increase in the integrated unit cost of standard coal was lower than the average increase of the major coal market indexes.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB1,162,218,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation during the year.

Subcontracting Costs

The Group newly added an energy storage business segment during the year, which is principally engaged in the provision of subcontracting services for the project development and assembling integration of new energy storage power stations. The subcontracting cost, being the operating cost of this new business segment, for the year was RMB510,748,000.

Other Operating Expenses

Other operating expenses increased by RMB307,467,000 year-on-year, mainly due to the increase in administrative and selling related expenses and research and development expenses.

Other Gains and Losses

The net gains from other gains and losses increased by RMB900,570,000 year-on-year, mainly due to the decrease in asset impairment losses as compared with the previous year and the increase in gains on disposal of assets held for sale as compared with previous year.

Operating Profit

In 2021, the Group’s operating profit was RMB4,600,867,000, representing a decrease of 27.79% as compared with the operating profit of RMB6,371,860,000 of the previous year.

Finance Costs

In 2021, the finance costs of the Group amounted to RMB3,861,500,000 (2020: RMB3,203,698,000), representing an increase of RMB657,802,000 or 20.53% as compared with the previous year. The increase in interest expense was in line with the rise of debts level due to the expansion of scale of assets.

Share of Results of Associates

In 2021, the share of results of associates was a loss of RMB213,524,000, representing a decrease in profit of RMB497,476,000 as compared with the profit of RMB283,952,000 of the previous year. The decrease in profits was mainly due to the decrease in net profits of the associates engaging in coal-fired power-related business as a result of the increase in coal prices as compared with the previous year.

Share of Results of Joint Ventures

In 2021, the share of results of joint ventures was a loss of RMB119,280,000, representing a decrease in profit of RMB162,941,000 as compared with the profit of RMB43,661,000 of the previous year. The decrease in profits was mainly due to the decrease in net profits of the joint ventures engaging in coal-fired power-related business as a result of the increase in coal prices as compared with the previous year.

Income Tax Expense

In 2021, income tax expense of the Group was RMB361,947,000, representing a decrease of RMB538,629,000 as compared with RMB900,576,000 of the previous year. The decrease was mainly due to the decrease in profits of the hydropower and coal-fired power segments as compared with the previous year.

Final Dividend

At the Board meeting held on 17 March 2022, the Board recommended the payment of a final dividend for the year ended 31 December 2021 of RMB0.05 (equivalent to HK\$0.0616 at the exchange rate announced by the People's Bank of China on 17 March 2022) per ordinary share (2020: RMB0.13 (equivalent to HK\$0.1556) per ordinary share), totaling RMB541,669,000 (equivalent to HK\$667,337,000) (2020: RMB1,274,895,000 (equivalent to HK\$1,525,952,000)), which is based on 10,833,386,321 shares (2020: 9,806,886,321 shares) in issue on 17 March 2022 (2020: 18 March 2021).

EQUITY INSTRUMENTS AT FVTOCI

As at 31 December 2021, the carrying amount of equity instruments at FVTOCI was RMB5,235,995,000, accounting for 3.00% of total assets, including listed equity securities of RMB4,657,406,000 and unlisted equity investments of RMB578,589,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 31 December 2021, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on Shanghai Stock Exchange. It was categorized into the level 1 financial assets of fair value measurements, and its fair value increased by 80.06% as compared with RMB2,586,640,000 as at 31 December 2020.

Unlisted equity investments represent the Group's investment in equity of some unlisted companies principally engaged in financial services, coal production and electricity trading services respectively. They were categorized into the level 3 financial assets of fair value measurements. As at 31 December 2021, the aggregate fair value of unlisted equity investments owned by the Group was RMB578,589,000 (including an unlisted equity investment in the PRC as part of disposal groups classified as held for sale), representing an increase of 17.32% from RMB493,189,000 as at 31 December 2020.

The valuation technique and key inputs used for measuring the fair value of the above level 3 financial assets were market approach, i.e. fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio of the comparable companies (0.87-2.06), and (iii) the marketability discount (12.83%-31.77%).

The fair value gain on equity instruments at FVTOCI for the year ended 31 December 2021 of RMB1,608,081,000 (net of tax) (2020: loss of RMB240,003,000) was recognized in the consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

In July 2021, Wu Ling Power (a 63%-owned subsidiary of the Company) entered into three equity transfer agreements with Mingyang New Energy to acquire the entire equity interests and to assume the shareholder's loans of three wind power project companies at the adjusted aggregated consideration of RMB1,696,067,000. For details, please refer to the announcements of the Company dated 12 July 2021, 19 July 2021 and 28 September 2021.

In July 2021, the Company entered into an equity transfer agreement with CPI Holding to acquire 36% of the equity interest of Qiyuanxin Power (an investment holding company for the development of green power transportation, including, among others, electric vehicle battery charging and swapping infrastructure services) at the consideration of RMB18,010,000. For details, please refer to the announcements of the Company dated 30 July 2021 and 28 September 2021.

In August 2021, the Company entered into an equity transfer agreement with CPI Holding to acquire 55% of the equity interest of CP Huayuan (a company engaging in nuclear engineering contracting) at the adjusted consideration of RMB60,716,370. For details, please refer to the announcements of the Company dated 31 August 2021 and 10 December 2021.

In November 2021, the Company entered into a partnership agreement with SPIC Asset Management and two independent third parties to form a limited partnership. As a limited partner, the Company will make a capital contribution of RMB268,202,522, representing approximately 35% of the equity interest in the limited partnership. The purpose of forming the limited partnership is to acquire 40% of the equity interest (at a consideration of RMB206,292,920) and to assume part of the shareholder's loan (at a consideration of RMB560,000,000) of CP Shentou, an indirect 80%-owned subsidiary of the Company. For details, please refer to the announcements of the Company dated 26 November 2021 and 23 December 2021.

Save as disclosed above, the Group did not have any other material acquisitions and disposals during the year under review.

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 31 December 2021, cash and cash equivalents of the Group were RMB1,766,632,000 (31 December 2020: RMB1,316,351,000). Current assets amounted to RMB18,570,390,000 (31 December 2020: RMB14,121,267,000), current liabilities amounted to RMB45,535,822,000 (31 December 2020: RMB40,556,194,000) and current ratio was 0.41 (31 December 2020: 0.35).

During the year under review, the Group recorded a net increase in cash and cash equivalents (including cash and cash equivalents as part of the disposal groups classified as held for sale) of RMB435,245,000 (2020: a net increase of RMB80,276,000). For the year ended 31 December 2021:

- net cash generated from operating activities amounted to RMB1,342,374,000 (2020: RMB5,501,876,000). Significant decrease in cash inflow was mainly attributable to the substantial decline in operating profit resulted from the increase in coal prices and thus the increase in fuel costs for coal-fired power generation.
- net cash used in investing activities amounted to RMB18,515,585,000 (2020: RMB15,768,455,000), which mainly represented the cash outflow of capital expenditure on the Group's payments for property, plant and equipment and prepayments for construction of power plants.
- net cash generated from financing activities amounted to RMB17,608,456,000 (2020: RMB10,346,855,000). The increase in net cash inflow, as compared with the previous year, was mainly attributable to the increase in cash inflow from drawdown of bank borrowings, proceeds from disposal of interests in a subsidiary and net proceeds from placing of ordinary shares.

The financial resources of the Group were mainly derived from cash inflow generated from operating activities, borrowings from banks and related parties, and project financing.

DEBTS

As at 31 December 2021, total debts of the Group amounted to RMB105,921,101,000 (31 December 2020: RMB91,431,935,000). All debts of the Group are denominated in RMB or Japanese Yen (“JPY”).

As at 31 December 2021, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 67% (31 December 2020: approximately 66%). The Group's gearing ratio remained stable.

As at 31 December 2021, the amount of borrowings granted by SPIC Financial was approximately RMB4.93 billion (31 December 2020: approximately RMB4.06 billion).

The details of the Group's debt as at 31 December 2021 and 2020 are set out as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings, secured	20,222,644	17,857,058
Bank borrowings, unsecured	56,619,460	48,714,478
Borrowings from related parties	14,666,286	14,949,670
Medium-term notes and super & short-term commercial papers issued by the Company	8,500,000	4,500,000
Super & short-term commercial papers issued by Wu Ling Power	1,020,000	1,000,000
Lease liabilities	3,592,386	3,880,729
Other borrowings	1,300,325	530,000
	<u>105,921,101</u>	<u>91,431,935</u>

The above debts are repayable as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	33,258,234	28,580,938
Between one and two years	9,636,677	12,012,110
Between two and five years	23,644,202	14,014,980
Over five years	39,381,988	36,823,907
	<u>105,921,101</u>	<u>91,431,935</u>

Among the above debts, approximately RMB39,092,805,000 (31 December 2020: approximately RMB41,237,926,000) are subject to fixed interest rates, and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranged from 1.30% to 5.30% (2020: ranged from 1.65% to 5.55%) per annum.

ASSET IMPAIRMENT

When there is any indication of impairment, the Group will conduct an impairment test on assets such as property, plant and equipment and right-of-use assets to assess whether an impairment has occurred. During the year, the Company has no material asset impairment.

SIGNIFICANT FINANCING ACTIVITIES

Issue of commercial papers and notes

In February and August 2021, the Company issued the third and fourth tranche of super & short-term commercial papers in the PRC in a principal amount of RMB500 million each at the interest rate of 3.20% and 2.63% per annum and a maturity period of 179 days and 210 days, respectively. Such super & short-term commercial papers can be issued in tranches on a revolving basis with an aggregate principal amount up to RMB1 billion within the effective term of two years commencing from August 2019.

In April 2021, the Company issued the second tranche of medium-term notes in the PRC in a principal amount of RMB2 billion at the interest rate of 3.54% per annum and a maturity period of 3 years. Such medium-term notes can be issued in tranches with an aggregate principal amount up to RMB4 billion within the effective term of two years commencing from August 2019.

In May and November 2021, Wu Ling Power issued the second and third tranche of super & short-term commercial papers in the PRC in a principal amount of RMB1 billion each at the interest rate of 3.00% and 2.57% per annum and a maturity period of 260 days and 55 days, respectively. In December 2021, Wu Ling Power further issued green super & short-term commercial papers in a principal amount of RMB20 million at the interest rate of 2.90% per annum and a maturity period of 180 days. Such super & short-term commercial papers can be issued in tranches on a revolving basis with an aggregate principal amount up to RMB2 billion within the effective term of two years commencing from July 2020.

Issue of debt financing instruments

In August 2021, the Company obtained approval for its application for issuing debt financing instruments (“DFI”) in the interbank bond market in the PRC with an effective registration period of two years commencing from August 2021. Within the effective registration period, the Company is permitted to issue multi-type of DFI, including but not limited to super & short-term commercial papers, short-term commercial papers, medium-term notes, perpetual notes, asset-backed notes and green debt financing instruments in one or multiple tranches.

Under the DFI registration, the Company issued (i) in October 2021, the first tranche of medium-term notes in a principal amount of RMB2 billion at the interest rate of 3.47% per annum and a maturity period of three years, and (ii) the first tranche of green medium-term notes (carbon-neutral bond) in a principal amount of RMB1 billion at the interest rate of 3.39% per annum and a maturity period of three years; and (iii) in November 2021, the first tranche of super & short-term commercial papers in a principal amount of RMB1 billion at the interest rate of 2.88% per annum and a maturity period of 269 days.

The proceeds from all of the above debt issues have been fully applied towards the repayment of existing borrowings and/or replenishment of the working capital of the Group.

Issue of asset-backed securities

In November 2021, the Company established the “China Power Energy Infrastructure Investment and Anhui’s Asset-backed Special Program (similar to REITS)”* (中國電力能源基礎設施投資和皖資產支持專項計劃(類 REITS)) with CSC Financial Co., Ltd. (“CSCFC”) acted as the manager. CSCFC shall issue the asset-backed securities in the form of similar REITS products to the qualified investors for a total amount of RMB2.576 billion. The asset-backed securities are classified into three tranches, namely senior type A, senior type B and subordinated, with a principal amount of RMB2,150 million, RMB425 million and RMB1 million respectively. The period of financing of the asset-backed securities is 18 years, and the coupon rate will be adjusted at the end of every three years based on the then prevailing market conditions. The proceeds were fully used for the replenishment of working capital and repayment of debts of the Group.

Placing of shares

In December 2021, the Company completed the top-up placing of 1,026,500,000 existing shares and allotted and issued the same number of subscription shares at a subscription price of HK\$3.80 per share under the general mandate. The net proceeds from the subscription amounted to approximately HK\$3,868,000,000 (equivalent to approximately RMB3,149,800,000). The proceeds have been fully applied towards the development and expansion of clean energy business and the replenishment of the working capital of the Group.

CAPITAL EXPENDITURE

In 2021, the capital expenditure of the Group was RMB17,725,070,000 (2020: RMB18,269,260,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power, photovoltaic power and energy storage) was RMB14,940,384,000 (2020: RMB14,136,015,000), which was mainly applied for the project construction of new power plants and power stations, and the asset purchases related to the energy storage business; whereas the capital expenditure for coal-fired power segment was RMB2,465,256,000 (2020: RMB3,902,112,000), which was mainly applied for the project construction of new coal-fired power generating units and technological upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 31 December 2021, the Group pledged certain property, plant and equipment with a net book value of RMB386,243,000 (31 December 2020: RMB262,915,000) to certain banks to secure bank borrowings in the amount of RMB114,620,000 (31 December 2020: RMB129,620,000). In addition, certain bank borrowings, borrowings from related parties and lease liabilities totaling RMB21,242,398,000 (31 December 2020: RMB19,546,007,000 (including bank borrowings as part of disposal groups classified as held for sale)) were secured by the rights on accounts receivable of the Group. The accounts receivable secured under these borrowings amounted to RMB2,568,225,000 (31 December 2020: RMB2,476,191,000 (including accounts receivable as part of disposal groups classified as held for sale)).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no material contingent liabilities.

FOREIGN EXCHANGE RISKS

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in JPY and USD during the year. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 31 December 2021, the Group's borrowings denominated in foreign currencies amounted to RMB281,747,000 (31 December 2020: RMB3,038,381,000).

In order to prevent the risk of exchange rate fluctuations, the Company entered into a USD forward contract at the beginning of the year. Pursuant to the contract, the Company purchased an amount of USD410 million at the agreed price of RMB6.53 for USD1 on 26 July 2021 to repay the Company's bank borrowings of USD410 million due on the same date. No fees were charged in any form under the contract. Subsequent to that, the Group had no borrowing denominated in USD as at 31 December 2021.

The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

FUNDING RISKS

With the Group's stepped-up efforts in developing various new power projects, funding adequacy will have an increasing impact on the Group's operations and development. The financing market is affected by a number of factors such as the liquidity of the lending market and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowings. The Group has been leveraging its ability in the access to the markets at home and abroad to optimize the sources of fund, increase credit facilities and reduce financing costs.

As at 31 December 2021, the Group had sufficient available undrawn financing facilities amounting to RMB34,385,836,000, and will refinance and restructure existing loan terms when appropriate to safeguard against funding risks.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

In 2021, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

Human Resources

As at 31 December 2021, the Group had a total of 10,724 (2020: 10,520) full-time employees.

Energy Saving and Emission Reduction

The Group has always been placing a great emphasis on environmental protection from the perspective of sustainable corporate development, vigorously promoting energy saving and emission reduction, conscientiously fulfilling its social responsibilities and actively responding to global climate change.

In 2021, the net coal consumption rate of the Group was 301.16g/kWh, representing a decrease of 2.15g/kWh as compared with the previous year. It was mainly due to the successive commencement of operation of natural gas power projects, which optimized the power generation structure, and hence lowered the average net coal consumption rate.

In 2021, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2020: 100%), and the efficiency ratio of desulphurization reached 99.35% (2020: 99.23%); while the operational ratio of denitration facilities was 100% (2020: 100%) and the efficiency ratio of denitration reached 89.13% (2020: 88.39%).

During the year under review, the environmental protection indicators for coal-fired power generating units were as follows:

- the emission rate of sulphur dioxide (SO₂) at 0.076g/kWh, representing a decrease of 0.011g/kWh as compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 0.139g/kWh, representing a decrease of 0.016g/kWh as compared with the previous year; and
- the emission rate of flue gas and dusts at 0.008g/kWh, which remained at the same level as that of the previous year.

OUTLOOK FOR 2022

In anticipation of the ongoing impact of uncertainties amid the development of the COVID-19 variants, coupled with factors such as strained supply chain and inflation, the year 2022 will be another challenging year for the Group. In terms of energy policy, the Chinese government will adhere to the keynote of making progress while maintaining stability with a focus on advancing towards the targets of “Carbon Emission Peak” and “Carbon Neutrality”, which is crucial to the development of the energy sector. It is expected that the investment in the power industry will be scaled up and will hence become one of the drivers of steady growth this year. The related investment will include, among others, projects in respect of new energy, innovative power systems such as electrochemical energy storage, rural revitalization and digital industries.

From an industry perspective, the transition of energy towards a clean, market-oriented, diversified and digital direction is the general trend. As new renewable energy will not be included in the control targets for total energy consumption, there will be more room for the development of renewable energy. While the market-oriented reform of the power industry will be forged ahead at full steam, electricity trading will enter a new era which echoes with the trading of carbon, green power and green certificates. New industrial forms such as power source, grid, loading and storage, multi-energy synergy, new energy storage, hydrogen power, micro grid and virtual power plants are breeding new markets and new opportunities.

2022 is a critical year for the implementation of the Chinese Government’s “14th Five-year” plan. The Group will adapt to changes on time and embrace innovation in development philosophy, mechanisms and systems and strategic transformation. In pursuit of the vision of becoming the world-class green and low-carbon energy supplier, the Group will prioritize the following tasks:

Optimizing the industrial structure comprehensively. Capitalizing on the opportunities arising from the leap-forward development of wind power and photovoltaic power generation under the “14th Five-year” plan, the Group will focus on the large base projects regarding “Three Types and One Area (三類一區)” in regions with abundant resources to promote market development in the county areas. It will also consummate cooperation with major customers, innovate development models and expedite the launch of additional production capacity of new energy. The Group will vigorously promote strategic transformation and accelerate the divestment of coal-fired power assets with low efficiency so as to further enhance the quality of assets and optimize the structure of existing assets.

Accelerating the development of the “Three New Businesses (三新業務)”. Catering to the demand for construction of innovative power systems precisely, the Group will develop demonstration projects for new energy storage, green power transportation, integrated intelligent energy, etc. It will actively explore various scenarios for the application of energy storage and continue to intensely develop areas such as power generation, power grids and the user’s end. Moreover, it will implement the smart city and rural vitalization initiatives with a view to building an investment and development model that combines the local characteristics of the rural areas with integrated green and intelligent energy. The Group will advocate electric energy substitution projects for green power transportation, and accomplish the commencement of operation of part of the electric public vehicles and the deployment of facilities such as charging piles and intelligent platforms in certain regions, while formulating future plans for innovative green energy by leveraging the professional development platform for geothermal power.

Enhancing the management of production and operation on a continuous basis. The Group will strengthen its marketing efforts in the power market and closely monitor the market changes to secure quality customers with its best endeavors. Tracking the market trends of green certificates and carbon trading, the Group will give play to the benefits from the features of each power source category and combine such strengths to take part in market competition. Strengthened efforts will be made to ensure the quality and control the price of fuels in order to further optimize the structure of supply sources and enhance procurement efficiency. The Group will also gear up the digital transformation and upgrade of coal-fired power generating units to enhance their market adaptability. We will ensure proper management and control over the entire process of maintenance, repairs and technological upgrade of the generating units, and further promote the refined management on their operations, thereby eliminating and rectifying the potential threats involved in the equipment through multiple measures.

Promoting high-quality development through in-depth reform. The Group will make the final sprint for the Three-year Action Plan of the reform of State-owned enterprises with a view to making breakthroughs in areas where high-quality development such as technological innovation and capital operation are restricted. By summarizing the experience in operating advanced management tools such as “Strategic-Planning-Initiative” (SPI), “Plan-Budget-Assessment-Incentive” (JYKJ) and “Dual Benchmark and Dual Incentive” (SDSJ), the Group will make detailed analysis on the planned objectives in a scientific manner and formulate proposal for the implementation of its annual plan to ensure planning with effective guidance and rigid constraints on the plan. We will also strengthen our ESG management system in order to enhance the Company’s brand and image at the international level.

Being committed to green, innovative and high-quality development, the Group will vigorously promote sustainable and rapid development of clean and low-carbon energy in a bid to accomplish the “dual drive” for the development of the emerging clean and low-carbon energy and green energy industries, thereby developing a new ecology of low-carbon energy and making contributions to the transition of the economy and the society towards green and low-carbon energy in full swing.

REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the annual results and the consolidated financial statements for the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

In December 2021, the Company issued 1,026,500,000 ordinary shares at the price of HK\$3.80 per share by means of top-up placing of existing shares and subscription of new shares under general mandate. Details of which were set out in the Company’s announcement dated 6 December and 9 December 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company always strives to raise the standard of its corporate governance and regards corporate governance as part of value creation. This reflects the commitment of the Board and management on abiding by the standards of corporate governance, as well as our willingness to maintain transparency and accountability to maximize the value of our shareholders as a whole.

The Company has strictly complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021, save for the CG Code provision of A.2.1 (as specified below).

In December 2021, The Stock Exchange of Hong Kong Limited published the conclusions to Review of CG Code (the amended CG Code) and the associated Listing Rules. Most of the amendments are applicable for financial year commencing on or after 1 January 2022. The Company has already substantially adopted the new requirements under the amended CG Code as our corporate governance practices over the years.

Under the CG Code provision A.2.1 (now C.2.1 of the amended CG Code), the role of both the chairman and chief executive should be separated and should not be performed by the same individual. The Company briefly deviated from the said provision when Mr. HE Xi concurrently served as both the Chairman of the Board and the President (being the chief executive) of the Company from 12 April 2021 to 23 July 2021.

Upon appointment of Mr. GAO Ping as an executive Director and the President of the Company with effect from 23 July 2021, Mr. HE Xi ceased to hold the role of the President of the Company while still remains as the Chairman of the Board. Subsequent to that, the Company has been in compliance with the CG Code with regard to segregation of the roles of chairman and chief executive.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (the “**Code of Conduct**”), the terms of which are no less than the requirement of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the entire year of 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the Company’s websites at www.chinapower.hk and www.irasia.com/listco/hk/chinapower/index.htm respectively.

The 2021 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the annual report will also be made available for review on the above websites in due course.

** English or Chinese translation, as the case may be, is for identification only*

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 17 March 2022

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and XU Zuyong, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.