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華電國際電力股份有限公司
Huadian Power International Corporation Limited*
*(A Sino-foreign investment joint stock company limited by shares incorporated
in the People's Republic of China (the "PRC"))*
(Stock code: 1071)

**ANNUAL RESULTS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “**Board**”) of Huadian Power International Corporation Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2021 extracted from the audited consolidated financial statements of the Group prepared in accordance with the International Financial Reporting Standards.

FINANCIAL AND BUSINESS SUMMARY

- Power generation by the Group in 2021 amounted to 232.80 million MWh, representing an increase of 7.52% over 2020; the volume of on-grid power sold amounted to 218.82 million MWh, representing an increase of 7.67% over 2020;
- Turnover of the Group in 2021 amounted to approximately RMB100,984 million, representing an increase of approximately 12.98% over 2020;
- Loss for the year attributable to equity holders of the Company in 2021 amounted to approximately RMB3,342 million; loss for the year attributable to equity shareholders of the Company amounted to approximately RMB4,365 million;
- Basic loss per share in 2021 were approximately RMB0.443, and the Board proposes to declare a final cash dividend of RMB0.25 per share (tax inclusive, based on the total share capital of 9,869,858,215 shares) for the financial year ended 31 December 2021, totaling approximately RMB2,467.465 million (tax inclusive). The dividend distribution proposal is subject to the approval by the shareholders at the upcoming 2021 annual general meeting (such date has not been determined but will be published by the Company in due course).

DIVIDENDS

Pursuant to a resolution passed at the twenty-fourth meeting of the ninth session of the Board, the Board proposes to declare a final cash dividend of RMB0.25 per share (tax inclusive, based on the total share capital of 9,869,858,215 shares) for the financial year ended 31 December 2021, totaling approximately RMB2,467.465 million (tax inclusive). The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2021 annual general meeting. The notice of the 2021 annual general meeting of the Company, containing details of the period of the closure and procedures of the register of members, will be published and despatched to shareholders of the Company in due course.

If the above proposal for dividend distribution is considered and approved at the upcoming 2021 annual general meeting, the Company expects to distribute such cash dividends on or before 26 August 2022.

THE GROUP'S MAJOR EXISTING ASSETS

The Group is one of the largest comprehensive energy companies in the PRC, primarily engaged in the construction and operation of power plants, including large-scale efficient coal - or gas-fired generating units and various hydropower projects. The Group's power generating assets are located in 12 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources.

As of the date of this announcement, the Group had a total of 42 controlled power plants which have commenced operations involving a total of approximately 53,355.55 MW controlled installed capacity, primarily including approximately 42,360 MW attributable to coal-fired generating units, approximately 8,589.05 MW attributable to gas-fired generating units and approximately 2,403 MW attributable to hydropower generating units. The details are as follows:

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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	1 Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
	2 Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
	3 Laicheng Plant	1,200	100%	4 x 300 MW
	4 Shuozhou Thermal Power Branch Company	700	100%	2 x 350 MW
	5 Fengjie Plant	1,200	100%	2 x 600 MW
	6 Huadian Zouxian Power Generation Company Limited (“ Zouxian Company ”)	2,000	69%	2 x 1,000 MW
	7 Huadian Laizhou Power Generation Company Limited (“ Laizhou Company ”)	4,000	75%	4 x 1,000 MW
	8 Huadian Weifang Power Generation Company Limited (“ Weifang Company ”)	2,000	64.29%	2 x 670 MW + 2 x 330 MW
	9 Huadian Qingdao Power Generation Company Limited (“ Qingdao Company ”)	1,220	55%	1 x 320 MW + 3 x 300 MW
	10 Huadian Zibo Thermal Power Company Limited (“ Zibo Company ”)	950	100%	2 x 330 MW + 2 x 145 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	11 Huadian Zhangqiu Power Generation Company Limited (“ Zhangqiu Company ”)	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
	12 Huadian Tengzhou Xinyuan Thermal Power Company Limited (“ Tengzhou Company ”)	930	93.26%	2 x 315 MW + 2 x 150 MW
	13 Huadian Longkou Power Generation Company Limited (“ Longkou Company ”)	880	100%	4 x 220 MW
	14 Sichuan Guang’an Power Generation Company Limited (“ Guang’an Company ”)	2,400	80%	2 x 600 MW + 4 x 300 MW
	15 Huadian Xinxiang Power Generation Company Limited (“ Xinxiang Company ”)	1,320	90%	2 x 660 MW
	16 Huadian Luohe Power Generation Company Limited (“ Luohe Company ”)	660	75%	2 x 330 MW
	17 Huadian Qudong Power Generation Company Limited (“ Qudong Company ”)	660	90%	2 x 330 MW
	18 Anhui Huadian Suzhou Power Generation Company Limited (“ Suzhou Company ”)	1,260	98.27%	2 x 630 MW
	19 Anhui Huadian Wuhu Power Generation Company Limited (“ Wuhu Company ”)	2,320	65%	1 x 1,000 MW + 2 x 660 MW
	20 Anhui Huadian Lu’an Power Generation Company Limited (“ Lu’an Company ”)	1,320	95%	2 x 660 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Coal-fired	21 Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (“ Yuhua Company ”)	600	100%	2 x 300 MW
	22 Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (“ Luhua Company ”)	660	90%	2 x 330 MW
	23 Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) (“ Pingshi Power Company ”)	600	100%	2 x 300 MW
	24 Guangdong Huadian Shaoguan Thermal Power Company Limited (“ Shaoguan Thermal Power Company ”)	700	100%	2 x 350 MW
	25 Huadian Hubei Power Generation Company Limited (“ Hubei Company ”) ^{Note 1}	6,855.6	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 2 x 185 MW + 2 x 122.8 MW
	26 Hunan Huadian Changsha Power Generation Company Limited (“ Changsha Company ”)	1,200	70%	2 x 600 MW
	27 Hunan Huadian Changde Power Generation Company Limited (“ Changde Company ”)	1,320	48.98%	2 x 660 MW

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Gas-fired	28 Guangdong Huadian Shenzhen Energy Company Limited (“ Shenzhen Company ”)	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
	29 Hangzhou Huadian Banshan Power Generation Company Limited (“ Hangzhou Banshan Company ”)	2,415	64%	3 x 415 MW + 3 x 390 MW
	30 Hangzhou Huadian Xiasha Thermal Power Company Limited (“ Xiasha Company ”)	246	56%	1 x 88 MW + 2 x 79 MW
	31 Hangzhou Huadian Jiangdong Thermal Power Company Limited (“ Jiangdong Company ”)	960.5	70%	2 x 480.25 MW
	32 Huadian Zhejiang Longyou Thermal Power Company Limited (“ Longyou Company ”)	405	100%	1 x 130.3 MW + 2 x 127.6 MW + 1 x 19.5 MW
	33 Hebei Huadian Shijiazhuang Thermal Power Company Limited (“ Shijiazhuang Thermal Power Company ”)	1,310.2	82%	2 x 453.6 MW + 2 x 200 MW + 3 MW ^{Note 2}
	34 Shijiazhuang Huadian Heat Corporation Limited (“ Shijiazhuang Heat Corporation ”)	12.55	100%	2 x 4.275 MW + 2 x 2 MW
	35 Huadian Foshan Energy Company Limited (“ Foshan Energy Company ”)	329	90%	4 x 59 MW + 47.5 MW + 45.5 MW
	36 Tianjin Huadian Fuyuan Thermal Power Company Limited (“ Fuyuan Thermal Power Company ”)	400	100%	2 x 200 MW
	37 Tianjin Huadian Nanjiang Thermal Power Company Limited (“ Nanjiang Thermal Power Company ”)	930	65%	2 x 315 MW + 1 x 300 MW
38 Guangdong Huadian Qingyuan Energy Company Limited (“ Qingyuan Company ”)	1,003.2	100%	2 x 501.6 MW	

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

Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
	Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant (“ Huangshi Thermal Power Plant ”)	330	100%	1 x 330 MW
	Hubei Xisaishan Power Generation Company Limited (“ Xisaishan Company ”)	660	50%	2 x 330 MW
Coal-fired	Hubei Huadian Xisaishan Power Generation Company Limited (“ Huadian Xisaishan Company ”)	1,360	50%	2 x 680 MW
	Hubei Huadian Xiangyang Power Generation Company Limited (“ Xiangyang Company ”)	2,570	60.1%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW
	Hubei Huadian Jiangling Power Generation Company Limited (“ Jiangling Company ”)	1,320	100%	2 x 660 MW

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

Note 2: Generating units of Shijiazhuang Thermal Power Company include 3 MW photovoltaic generating units for own use.

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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
Hydropower	1 Sichuan Huadian Luding Hydropower Company Limited ("Luding Hydropower Company")	920	100%	4 x 230 MW
	2 Sichuan Huadian Za-gunao Hydroelectric Development Company Limited ("Za-gunao Hydroelectric Company")	591	64%	3 x 65 MW + 3 x 56 MW + 3 x 46 MW + 3 x 30 MW
	3 Sichuan Huadian Power Investment Company Limited ("Sichuan Investment Company") ^{Note 1}	827	100%	3 x 70 MW + 3 x 62 MW + 2 x 56 MW + 3 x 46 MW + 3 x 38 MW + 3 x 11 MW + 4 x 8.5 MW
	4 Hebei Huadian Complex Pumping-storage Hydropower Company Limited ("Hebei Hydropower Company")	65.5	100%	1 x 16 MW + 2 x 15 MW + 1 x 11 MW + 2 x 3.2 MW + 1 x 1.6 MW ^{Note 2} + 0.5 MW ^{Note 2}

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

Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of Sichuan Investment Company	Generating units
	Lixian Xinghe Power Company Limited (“Lixian Company”)	67	100%	3 x 11 MW + 4 x 8.5 MW
Hydropower	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited (“Shuiluohe Company”)	760	57%	3 x 70 MW + 3 x 62 MW + 2 x 56 MW + 3 x 46 MW + 3 x 38 MW

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

BUSINESS REVIEW

(1) Power Generation

As of the date of this announcement, the Group’s total controlled installed capacity amounted to 53,355.55 MW. Power generation of the Group in 2021 amounted to 232.80 million MWh, representing an increase of approximately 7.52% over the same period of last year; the volume of on-grid power sold amounted to 218.82 million MWh, representing an increase of approximately 7.67% over the same period of last year. The annual utilization hours of the Group’s generating units were 4,066 hours, representing a year-on-year increase of 422 hours, among which the utilization hours of coal-fired generating units were 4,547 hours, representing a year-on-year increase of 506 hours. The coal consumption for power supply was 287.55g/KWh in aggregate.

(2) Turnover

In 2021, the Group’s turnover amounted to approximately RMB100,984 million, representing an increase of approximately 12.98% over 2020; revenue generated from sale of electricity amounted to approximately RMB81,899 million, representing an increase of approximately 16.69% over 2020; revenue generated from sale of heat amounted to approximately RMB7,468 million, representing an increase of approximately 12.20% over 2020; revenue from sale of coal amounted to approximately RMB11,617 million, representing a decrease of approximately 7.37% over 2020.

(3) Loss

In 2021, the Group's operating loss amounted to approximately RMB14,399 million, while its operating profit amounted to approximately RMB8,790 million in 2020. The drop in operating profit was mainly due to the significant increase in coal prices. For the year ended 31 December 2021, the loss for the year attributable to equity holders of the Company amounted to approximately RMB3,342 million, the loss for the year attributable to equity shareholders of the Company amounted to approximately RMB4,365 million, and the basic loss per share were approximately RMB0.443.

(4) The Capacity of Newly-added Generating Units

From 1 January 2021 to the date of this announcement, the details of the Group's newly-added generating units are as follows:

Projects	Category	Capacity (MW)
Qingyuan Company	Gas-fired	1,003.2
Xiangyang Thermal Power	Gas-fired	245.6
Changsha Company	Coal-fired	1,200
Changde Company	Coal-fired	1,320
Shuiluohe Company	Hydropower	112
Hebei Hydropower Company	Hydropower	1.6
Hebei Hydropower Company	Photovoltaic	0.5
Shijiazhuang Thermal Power Company	Photovoltaic	3
Total		<u><u>3,885.9</u></u>

(5) Generating Units under Construction

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

Company Name	Planned New Installed Capacity
Tianjin Development Area Branch of Huadian Power International (" Tianjin Branch ")	Three 170 MW coal-fired generating units
Shantou Huadian Power Generation Company Limited (" Shantou Company ")	Two 660 MW coal-fired generating units
Hunan Huadian Pingjiang Power Generation Company Limited (" Pingjiang Company ")	Two 1,000 MW coal-fired generating units
Longkou Company	One 660 MW coal-fired generating unit
Shuiluohe Company	One 56 MW hydropower generating unit
Total	<u><u>4,546 MW</u></u>

(6) Generating units no longer included in the Group's consolidated statements

From 1 January 2021 to the date of this announcement, the details of generating units no longer included in the Group's consolidated statements are as follows:

Company Name	Installed capacity (MW)
Huadian Ningxia Lingwu Power Generation Company Limited	3,320
Huadian Laizhou Wind Power Company Limited	40.5
Hebei Huadian Kangbao Wind Power Company Limited	729.5
Huadian Kezuozhongqi Wind Power Company Limited	49.5
Huadian Ningxia Ningdong Shangde Solar Power Company Limited	10
Huadian Laizhou Wind Power Generation Company Limited	146
Longkou Dongyi Wind Power Company Limited	80
Hebei Huadian Guyuan Wind Power Company Limited	490.5
Huadian Power International Ningxia New Energy Power Company Limited	1,541.6
Huadian Longkou Wind Power Company Limited	99.3
Huadian Laizhou Wind Energy Power Company Limited	149.4
Huadian Xuwen Wind Power Company Limited	198
Huadian Xiaxian Wind Power Company Limited	100
Huadian Zhangjiakou Saibei New Energy Generation Company Limited	4
Huadian Wengniuteqi Wind Power Company Limited	49.5
Zezhou County Huadian Wind Power Company Limited	197.7
Shaanxi Huadian Xunyi Wind Power Company Limited	100
Huadian Huzhou New Energy Power Generation Company Limited	38.2
Huadian Ningbo New Energy Generation Company Limited	10
Huadian Henan New Energy Power Generation Company Limited	40
Huadian Shandong New Energy Company Limited	763
Shanxi Huadian Pinglu New Energy Company Limited	99.2
Huadian Taiqian Photovoltaic Power Generation Company Limited	100
Huadian (Zhengxiangbai Banner) New Energy Company Limited	99
Shanxi Huadian Ying County New Energy Company Limited	50
Hebei Huadian Yuzhou Wind Power Company Limited	99
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited	100
Hubei Huadian Zaoyang Photovoltaic Power Generation Company	100
Hubei Huadian Wuxue New Energy Company Limited	120
Hebei Huadian Complex Pumping-storage Hydropower Company Limited Zanhuang New Energy Branch Company	270
Huadian Hubei Power Generation Company Limited Huangshi Photovoltaic Power Generation Branch Company	6.4
Huadian Hubei Power Generation Company Limited Wuhan Photovoltaic Power Generation Branch Company	8

Company Name	Installed capacity (MW)
Huadian Laizhou Power Generation Company Limited (only photovoltaic business)	1.1
Huadian Zhejiang Longyou Thermal Company Limited (only photovoltaic business)	32.8
Huadian Weifang Power Company Limited (only photovoltaic business)	2.4
Hangzhou Huadian Banshan Power Generation Company Limited (only photovoltaic business)	0.7
Inner Mongolia Huadian Mengdong Energy Company Limited	399
Zanhuang County Mingchengyumeng Energy Technology Company Limited	20
Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B), Lechang Wind Power Branch	100
Total	<u>9,764.3</u>

Note: Huadian Ningxia Lingwu Power Generation Company Limited, a subsidiary of the Group, completed the equity transfer on 19 May 2021 and ceased to be included in the Group's consolidation since 20 May 2021; Zanhuang County Mingchengyumeng Energy Technology Company Limited completed the equity transfer on 14 December 2021 and ceased to be included in the Group's consolidation since 15 December 2021; Inner Mongolia Huadian Mengdong Energy Company Limited completed the equity transfer on 22 December 2021 and ceased to be included in the Group's consolidation since 23 December 2021; Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B), Lechang Wind Power Branch completed the equity transfer on 24 December 2021 and ceased to be included in the Group's consolidation since 25 December 2021; the transfer of remaining companies' equity and/or assets were completed on 30 June 2021, and the relevant equity and/or assets would no longer be included in the Group's consolidation from 1 July 2021.

BUSINESS OUTLOOK

(1) Competitive landscape in the industry and development trend

The National Action Plan for Carbon Dioxide Peaking Before 2030 was published. During the “14th Five-Year Plan” period, the construction of a new power system will be accelerated, so that by 2025, the carbon dioxide emissions per unit of GDP will be 18% lower than in 2020, laying a solid foundation for achieving carbon peaking. During the “15th Five-Year Plan” period, a clean, low-carbon, safe and efficient energy system will be initially established, so that by 2030, the carbon dioxide emissions per unit of GDP will be over 65% lower than in 2005, thus achieving carbon peaking before 2030. In the green and low-carbon transition of energy, subject to ensuring energy security, China will vigorously advance the replacement with renewable energy, and accelerate the construction of a clean, low-carbon, safe and efficient energy system. The coal consumption standard of the newly-built coal-fired generating units will reach the international advanced level. Efforts will be made to accelerate the energy-saving upgrading and flexibility transformation of the existing units, actively promote the heating reconstruction, and the transition of coal-fired power into a power source that is for ensuring basic needs and serves as a system regulating source. China will deepen the power system reform and accelerate the construction of a unified national electricity market system. China will develop new medium to long-term pumped-storage hydropower development plans and improve the policy mechanism to promote the development of pumped-storage. By 2030, installed pumped-storage hydropower capacity will reach approximately 120 million KW. China will accelerate the demonstration, promotion and application of new types of energy storage. By 2025, the installed capacity of new types of energy storage installed capacity will exceed 30 million KW.

According to the forecast of the China Electricity Council, the power consumption of the entire society for the year in 2022 will reach 8.7 trillion KWh – 8.8 trillion KWh, representing a year-on-year increase of 5%-6%, with a quarter-by-quarter increase in the growth rate of the power consumption of the entire society. It is expected that the installed capacity of new generating units in infrastructure in 2022 will be approximately 230 million KW, of which the installed capacity of approximately 180 million KW will be generated from non-fossil energy, and as at the end of 2022, the installed capacity of generating units in China will be approximately 2,600 million KW. The installed capacity of coal-fired power generating units will be approximately 1,140 million KWh. With the persistent epidemic in the world, the external situation becomes more complicated and changeable. Macroeconomy, fuel supply, temperature, precipitation and other factors bring greater uncertainty to the power supply and demand. It is expected that the electricity supply and demand will be balanced in 2022 in China, with supply less than demand in some regions with peak load during summer and winter.

In the world, under the background of global emission and carbon reduction, due to factors including significant fluctuations in the supply of new energy, there were severe challenges to energy security in the world. In terms of supply and demand in China, as a result of China’s energy resource conditions of plenty of coal but shortage of oil and gas, coal-fired power will continue to play the role of ensuring the satisfaction of basic needs for a long time.

(2) Development Strategies of the Group

At the new development stage, the Group will follow a new development philosophy and foster a new development paradigm. The Group will adhere to the general tone of making progress while maintaining stability. The Group will take reform and innovation as the driving force to continuously optimize and adjust the arrangement structure, with a focus on high-quality development, based on quality improvement, efficiency enhancement, corporate governance by law, and compliant operation, so as to improve its vitality in the reform and development, and accelerate the establishment of a first-class listed energy company with international reputation.

(3) Operation Plan of the Group in 2022

Where external conditions remain relatively stable, the Group expects to complete the goal of power generation of about 230 billion KWh in 2022, and the utilisation hours of power generating units are expected to remain stable. According to the actual progress of each project, in 2022, the Group plans to invest approximately RMB17 billion, which will be used for the infrastructure of power supply projects, environmental protection and energy-saving technical reformation projects, and other projects.

In 2022, the Group will focus on the following four aspects:

The Group will strengthen strategic guidance and persist in innovation as a driver. In order to meet the long-term development needs of the power industry after the national goals of “carbon peaking and carbon neutrality” is proposed, as a platform China Huadian Corporation Limited (“**China Huadian**”) to integrate the assets of power generation from conventional energy, the Group will expand power generation from conventional energy, by way of controlling supplemented by establishment and mergers. With hydropower generating units and gas-fired generation units, the Group will substantially increase the proportion of clean energy installed capacity. The Group will hold a large percentage of shares in professional platforms of new energy, actively promote the development of overseas investments, accelerate the development of new business forms and new models, and give full play to the basic and auxiliary functions in the new power system.

The Group will strengthen management and control, improve quality and efficiency in an all-round way. The Group will pay attention to overall planning, increase overall revenue and reduce expenditure, so as to continuously improve its profitability. The Group will strengthen the monitoring of key indicators, pay attention to the control of coal prices, make efforts to increase the contract coverage rate and completion rate of the coal with long-term agreements, effectively grasp the inventory structure and purchase schedules, and control and reduce the fuel cost to the maximum extent. The Group will strengthen the marketing, research on market conditions, policies and regulations, focus on medium-and long-term transactions, spot market transactions, application for favorable policies, and supporting services, and will stabilize the prices, increase the volume and participate in market competition. The Group will scientifically expand its presence in the heating market based on marginal contribution.

The Group will ensure energy security and deepen environmental protection. The Group will resolutely implement the National Security Strategy (2021-2025), by strengthening the overall allocation of resources, properly carrying out prevention and control of the epidemic, production, operation and development, and ensuring safety, so as to lay a solid foundation for safe development. The Group will earnestly implement the Opinions on Deepening the Fight against Pollution published by the CPC Central Committee, by ensuring that pollutants are discharged in accordance with laws and standards. The Group will systematically study the carbon emission trading, accelerate the transformation of environmental protection facilities, so as to consolidate and maintain the security and stability of the Group.

The Group will strengthen compliance management and improve its governance. The Group will promote the modernization of the corporate governance system and governance capabilities, strengthen the standardized operation, enhance the training and guidance for newly established and newly acquired enterprises, and promote the compliant implementation of work. The Group will strengthen information disclosure and management of daily connected transactions to ensure compliance with regulatory requirements. The Group will strengthen internal control management, further promote the integration of internal control and compliance risk management, explore the establishment of a new internal control and compliance supervision model integrating offline and online channels, on-site and remote monitoring, so as to realize full-process, multi-dimension and all-round real-time inspection. The Group will promote the building of the rule of law and properly carry out legal reviews in respect of rules and regulations, economic contracts and major decisions to prevent legal risks proactively. The Group will strengthen the employees' awareness of the rule of law, promote compliant operations and safeguard the legitimate rights and interests of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic Conditions and Electricity Demand

According to preliminary calculation of the National Bureau of Statistics, the Gross Domestic Product (GDP) of the year in 2021 amounted to RMB114,367.0 billion, representing an increase of 8.1% over the last year. Power consumption of the entire society totalled 8,312.8 billion KWh, representing a year-on-year increase of 10.3%, representing an increase of 14.7% over the same period in 2020. With regard to different industries, the consumption by the primary industry accounted for 102.3 billion KWh, representing a year-on-year increase of 16.4%; the consumption by the secondary industry accounted for 5,613.1 billion KWh, representing a year-on-year increase of 9.1%; and the consumption by the tertiary industry accounted for 1,423.1 billion KWh, representing a year-on-year increase of 17.8%; and the consumption by urban and rural residents accounted for 1,174.3 billion KWh, representing a year-on-year increase of 7.3%.

(2) Turnover

In 2021, the turnover of the Group was approximately RMB100,984 million, representing an increase of approximately 12.98% over 2020, mainly due to the increase in power generation volume.

(3) Major Operating Expenses

In 2021, the operating expenses of the Group amounted to approximately RMB115,383 million, representing an increase of approximately 43.17% over 2020. The particulars are as follows:

Fuel costs of the Group amounted to approximately RMB74,472 million in 2021, representing an increase of approximately 79.91% over 2020, mainly due to the significant increase in coal price.

Costs of coal sold of the Group amounted to approximately RMB11,352 million in 2021, representing a decrease of approximately 0.96% over 2020, mainly due to the decrease in sales volume.

Depreciation and amortisation expenses of the Group amounted to approximately RMB11,506 million in 2021, representing a decrease of approximately 2.15% over 2020, mainly due to the combined effect of transfer of the new energy assets to Fuxin Development Company and the operation of new generating units.

In 2021, the repairs, maintenance and inspection expenses of the Group were approximately RMB3,779 million, representing a decrease of approximately 4.11% over 2020, mainly due to the transfer of new energy assets to Fuxin Development Company and reduction in maintenance.

In 2021, the staff cost of the Group was approximately RMB6,958 million, representing an increase of approximately 9.87% over 2020, mainly due to the increase in the salary of the staff of the Group and the impact of the number of new generating units put into operation.

In 2021, the administration expenses of the Group were approximately RMB4,827 million, representing an increase of approximately 46.27% over 2020, mainly due to the increase in assets' impairment losses.

(4) Investment Income

Investment income of the Group amounted to approximately RMB6,462 million in 2021, and amounted to approximately RMB45 million in 2020. This was mainly due to the impact of the disposal of certain equity interests in 2021.

(5) Other Revenue

Other revenue of the Group amounted to approximately RMB1,371 million in 2021, representing an increase of approximately 31.85% over 2020. This was mainly due to the increase in subsidies for power generation, heating and coal purchases.

(6) Other Net Income

Other net income of the Group amounted to approximately RMB1,360 million in 2021, representing an increase of approximately 46.32% over 2020. This was mainly due to the increase in revenue arising from by-products of power generation.

(7) Finance Costs

Finance costs of the Group amounted to approximately RMB4,353 million in 2021, representing a decrease of approximately 3.97% over 2020. This was mainly due to the lower cost of funds ratio of the Group.

(8) Share of Results of Associates and Joint Ventures

Share of results of associates and joint ventures of the Group amounted to approximately RMB2,470 million in 2021, and amounted to approximately RMB522 million in 2020. This was mainly due to the increase in the Group's share of profits of the coal mining enterprises and Fuxin Development Company.

(9) Income Tax

Income tax credit of the Group amounted to approximately RMB1,775 million in 2021, and income tax expense amounted to approximately RMB1,216 million in 2020. This was mainly due to the loss for the year.

(10) Pledge and Mortgage of Assets

As at 31 December 2021, the Company's subsidiaries have pledged their income stream in respect of the sale of electricity and heat to secure RMB11,894 million.

As at 31 December 2021, some of the Company's subsidiaries have mortgaged their generating units and relevant equipment, land use rights and mining rights to secure loans of amounting to approximately RMB2,536 million.

(11) Indebtedness

As at 31 December 2021, the total borrowings of the Group amounted to approximately RMB118,726 million, of which borrowings denominated in Euro amounted to approximately EUR6.66 million. The liabilities to assets ratio (representing the total liabilities divided by total assets of the Group as at 31 December 2021) was approximately 65.70%. Borrowings of the Group were mainly of floating rates. Short-term borrowings and long-term borrowings due within one year amounted to approximately RMB36,079 million, and long-term borrowings due after one year amounted to approximately RMB56,682 million. The closing balance of the short-term and medium-term notes (including the portion due within one year) and debt financing instruments issued through non-public offering to target subscribers (including the portion due within one year) amounted to approximately RMB25,397 million. The closing balance of lease liabilities of the Group amounted to approximately RMB568 million.

(12) Contingent Liabilities

As of 31 December 2021, the Group did not have material contingent liability.

(13) Provisions

Provisions represent the Group's best estimate of its liabilities and remedial work costs arising from mine disposal and environmental restoration based on industry practices and historical experience. As at 31 December 2021, the balance of the Group's provisions amounted to approximately RMB64 million.

(14) Impairment Loss

In 2021, the Group disposed of its entire equity interest in Shanxi Maohua Energy Investment Company Limited and its subsidiaries and completed the disposal on 8 December 2021. A loss on disposal and transitional consideration of approximately RMB1,805 million has been recognised in the consolidated statement of profit or loss and other comprehensive income under the China Accounting Standards for Business Enterprises. In addition, under the China Accounting Standards for Business Enterprises, the impairment loss of the Group was approximately RMB1,601 million, which reduced the net profit attributable of the parent company of RMB1,438 million from the consolidated financial statements. The Board is of view that the above provision for asset impairment is based on the principle of prudence and it is sufficiently and fairly reflects the asset position of the Group. The Board agreed with the above provision of asset impairment.

(15) Cash Flow Analysis

In 2021, the net cash outflow from operating activities of the Group amounted to approximately RMB10,721 million, and the net cash inflow from operating activities amounted to approximately RMB20,286 million in 2020, mainly due to the impact of significant increase in coal prices in 2021; the net cash outflow used in investing activities amounted to approximately RMB13,791 million, decreased by approximately RMB4,260 million over 2020, mainly due to the impact of the increase in income from disposal of equity and assets in 2021; the net cash inflow from financing activities amounted to approximately RMB23,958 million, and net cash outflow amounted to approximately RMB2,202 million in 2020, mainly due to the impact of increase in financing such as the issuance of equity financial instruments and bonds, the drawdown of loans by the Company in 2021.

(16) Exchange Rate Fluctuation Risk and Related Hedging

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

(17) The Impact of COVID-19 Pandemic on the Group

During the reporting period, the COVID-19 pandemic did not have a material adverse impact on the Group. As of the date of this announcement, the Group maintained sufficient liquidity and working capital. In accordance with the results of pandemic control measures adopted by China, it is expected that the COVID-19 pandemic would not have a material adverse impact on the Group in the future.

The Group will continuously carry out regular prevention and control of the pandemic, and particularly implement the work on production safety and fuel security, improve pandemic prevention and control plans, and fully review various preparation work regarding extreme conditions, to ensure quick response, proper action and timely reporting in case of pandemic outbreak. The Group will conscientiously implement the policies of the State Council and regional authorities on pandemic prevention and control to ensure that the pandemic is under proper control.

CHANGE OF DIRECTORS, SUPERVISORS AND MEMBERS OF SENIOR MANAGEMENT

On 27 January 2021, Mr. Zhang Zhiqiang and Mr. Li Pengyun were appointed as non-executive directors of the Company at the 2021 first extraordinary general meeting of the Company.

On 27 January 2021, Mr. Zhang Zhiqiang was appointed as a member of the Remuneration and Appraisal Committee, and Mr. Li Pengyun was appointed as a member of the Strategic Committee at the eighth meeting of the ninth session of the Board of the Company.

On 27 January 2021, due to work arrangement, Mr. Gou Wei ceased to be a non-executive director of the ninth session of the Board and a member of the Remuneration and Appraisal Committee, and Mr. Hao Bin ceased to be a non-executive director of the ninth session of the Board and a member of the Strategic Committee.

On 27 January 2021, Mr. Song Jingshang was appointed as the chief engineer of the Company, and Mr. Wu Yuejie was appointed as the deputy general manager of the Company at the eighth meeting of the ninth session of the Board of the Company.

On 30 June 2021, Mr. Li Pengyun was appointed as a member of the Audit Committee, and Mr. Peng Xingyu ceased to be a member of the Audit Committee at the seventeenth meeting of the ninth session of the Board of the Company.

Due to relevant regulations of the China Securities Regulatory Commission, an independent director of a listed company shall not serve for more than six consecutive years. Mr. Wang Dashu ceased to be an independent non-executive director of the ninth session of the Board, the chairman of the Remuneration and Appraisal Committee, a member of the Audit Committee and a member of the Nomination Committee with effect from the conclusion of the annual general meeting of the Company (the “AGM”) for 2020 held on 30 June 2021. Mr. Zong Wenlong ceased to be an independent non-executive director of the ninth session of the Board, the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee with effect from the conclusion of the AGM.

At the AGM, Mr. Li Menggang and Mr. Wang Yuesheng were elected as independent non-executive directors of the ninth session of the Board for a term commencing at the conclusion of the AGM and ending at the expiry of the term of office of the ninth session of the Board. At the seventeenth meeting of the ninth session of the Board held on 30 June 2021, Mr. Li Menggang was appointed as the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee, and Mr. Wang Yuesheng was appointed as the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee.

On 26 October 2021, Mr. Zhang Gelin resigned as the Secretary to the Board of the Company due to work adjustment at the twenty-first meeting of the ninth session of the Board of the Company.

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

For details, please see the announcements of the Company dated 8 January 2021, 27 January 2021, 28 May 2021, 30 June 2021, 26 October 2021 and 25 March 2022.

SIGNIFICANT EVENTS

1. Issuance of A Shares and A Share Convertible Bonds for the Equity Acquisitions

On 25 March 2021, the Company entered into equity acquisition agreements with CCB Financial Asset Investment Company Limited and BOC Financial Assets Investment Co., Ltd.. On 28 May 2021, the Company held the 2021 third extraordinary general meeting, at which the relevant proposals on the issuance of A shares and A share convertible bonds for acquisitions of target subsidiaries' equity interests were approved.

On 30 July 2021, the Company convened the 18th meeting of the ninth session of the Board, at which, the revised draft report on the issuance of A shares and A share convertible bonds for asset acquisitions, and relevant extended audit reports, pro forma review reports and evaluation reports were reviewed and approved. On 19 August 2021, upon the vetting by the Listed Company Merger and Reorganization Vetting Committee of the China Securities Regulatory Commission (“CSRC”) at its 21st working meeting for the year of 2021, the Asset Acquisition through Issuance of A Shares and Convertible Corporate Bonds was approved unconditionally. The Approval in Relation to Asset Acquisition Through Issuance of Shares and Convertible Corporate Bonds by Huadian Power International Corporation Limited to CCB Financial Asset Investment Co., Ltd. issued by the CSRC was received on 2 September 2021. After receiving the approval from CSRC, the Company carried out the work in relation to the transfer of the underlying assets in a timely manner. The transfer of the underlying assets in the transaction, namely a 45.15% equity interest in Inner Mongolia Huadian Mengdong Energy Company Limited and a 36.86% equity interest in Tianjin Huadian Fuyuan Thermal Power Company Limited has been completed.

On 28 September 2021, the Company submitted the relevant registration materials to China Securities Depository and Clearing Corporation Limited, Shanghai Branch, in respect of the new shares and convertible corporate bonds. The number of new shares in the non-public issuance was 6,881,562 and the number of convertible corporate bonds in the non-public issuance was 14,701,590. The Securities Registration Certificate was issued by China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

For details, see the announcements of the Company dated 25 March 2021, 29 April 2021, 28 May 2021, 30 July 2021, 19 August 2021, 2 September 2021 and 30 September 2021 and the circular of the Company dated 6 May 2021.

2. Sale of Ningxia Asset to China Huadian

On 26 February 2021, the Company entered into the Ningxia Lingwu Agreement with China Huadian, pursuant to which, the Company agreed to dispose of and China Huadian agreed to purchase 65% equity interest held by the Company in Huadian Ningxia Lingwu Power Generation Company Limited (“**Ningxia Lingwu**”) and the dividends receivable from Ningxia Lingwu for a consideration of RMB2,823 million.

On 26 February 2021, the Company and China Huadian entered into Ningxia Heating Agreement, pursuant to which the Company agreed to dispose of and China Huadian agreed to purchase 53% equity interests held by the Company in Ningxia Huadian Heating Corporation Limited (“**Ningxia Heating**”) for a consideration of RMB1,250 million.

As of the date of this announcement, the transfer in the above transactions has been completed, and as of the date of this announcement, Ningxia Lingwu and Ningxia Heating have ceased to be the subsidiaries of the Company.

For details, please refer to the announcement of the Company dated 26 February 2021 and the circular dated 31 March 2021.

3. Integration of New Energy Assets

During the year 2021, the Company (and its subsidiaries and branches) entered into a series of new energy asset disposal transactions with Huadian Fuxin Energy Corporation Limited (“**Huadian Fuxin**”) and Huadian Fuxin Energy Development Company Limited (“**Fuxin Development**”) (and its subsidiaries and branches) for the purpose of business development.

On 24 May 2021, the Company entered into a capital increase agreement with Huadian Fuxin and Fuxin Development, pursuant to which the Company agreed to make a capital contribution of approximately RMB21,237 million to Fuxin Development by way of a transfer of the equity interests held by the Company in 27 subsidiaries of the Company (“**New Energy Companies**”) to Fuxin Development, representing an amount of not more than approximately RMB13,609 million; and a cash payment of not lower than approximately RMB7,628 million by the Company to Fuxin Development.

On 24 May 2021, certain subsidiaries and branches of the Company entered into the Equity and Assets Disposal Agreements with certain subsidiaries of Fuxin Development, pursuant to which the subsidiaries of Fuxin Development agreed to purchase and the subsidiaries and branches of the Company agreed to dispose of the New Energy Equity and Assets, and the transaction consideration was approximately RMB2,082 million.

On 28 October 2021, the Company, its subsidiaries and branches, and Fuxin Development, its subsidiaries and branches entered into the Equity Disposal Agreements, the Assets Disposal Agreements and the Preliminary Project Transfer Agreement respectively, pursuant to which Fuxin Development, its subsidiaries and branches agreed to purchase and the Company agreed to dispose of relevant new energy assets, new energy equity and preliminary new energy projects for a total consideration of approximately RMB5,289 million.

On 17 December 2021, certain branches of subsidiaries of the Company entered into the Huangshi Disposal Agreement and the Shaoguan Disposal Agreement with a subsidiary and a branch of a subsidiary of Fuxin Development, pursuant to which the branches of subsidiaries of the Company agreed to dispose of and the subsidiary and the branch of subsidiary of Fuxin Development agreed to purchase certain target projects (i.e. Zhenhua Distributed Photovoltaic First Phase 20MW Power Generation Project, 98MW Fishery-Solar Hybrid Photovoltaic Power Generation Project and Chima 50MW Agriculture-Solar Hybrid Project). The total consideration of the transaction was approximately RMB335 million.

The transactions involved in the above new energy integration were approved at the annual general meeting for 2020, the 5th extraordinary general meeting for 2021 and the 22nd meeting of the ninth session of the Board of the Company respectively. Except for the Chima Project, the transfer of the companies and assets involved in each transaction have been fully completed as of the date of this announcement and deconsolidated from the consolidated financial statements of the Company.

For details, please see the announcements of the Company dated 24 May 2021, 4 June 2021, 15 June 2021, 30 June 2021, 28 October 2021, 14 December 2021 and 17 December 2021 and the circulars of the Company dated 15 June 2021 and 24 November 2021.

4. Acquisition of Hunan Area Companies

On 24 May 2021, the Company entered into an equity purchase agreement with China Huadian, pursuant to which the Company agreed to acquire and China Huadian agreed to dispose of its equity interests in the companies of the Hunan area, including its 70% equity interest in Changsha Company, 48.98% equity interest in Changde Company, and 100% equity interest in Pingjiang Company, for a total consideration of RMB3,146 million. The equity acquisition was completed on 1 July 2021.

As of the date of this announcement, the above transactions have been completed and their financial statements were consolidated into the Group's consolidated financial statements from 1 July 2021.

For details, please refer to the announcements of the Company dated 24 May 2021, 4 June 2021, 15 June 2021 and 30 June 2021 and the circular dated 15 June 2021.

5. Transfer of equity interests and debts in Shanxi Maohua Energy Investment Company Limited (“Maohua Company”) to China Huadian

On 27 September 2021, the Company and China Huadian signed the agreement, pursuant to which the Company agreed to transfer to China Huadian, a 100% equity interest held by the Company in Maohua Company, for a consideration of RMB1 and debts held by the Company in Maohua Company, for a consideration of approximately RMB2,852 million.

As of the date of this announcement, the transfer in the above transaction has been completed and Maohua Company has been deconsolidated from the consolidated financial statements of the Company.

For details, please see the announcement of the Company dated 27 September 2021, 4 October 2021 and the circular dated 27 October 2021.

6. Amendments to the Articles of Association

As of 28 September 2021, 6,881,562 new shares issued by the Company were registered. The total share capital of the Company was changed from 9,862,976,653 shares to 9,869,858,215 shares, and the registered capital was changed from RMB9,862,976,653.00 to RMB9,869,858,215.00. Considering the above changes in the total share capital and registered capital of the Company, the Company shall amend Articles 16 and 19 of the existing Articles of Association accordingly. Pursuant to the Board authorization approved by way of a special resolution at the third extraordinary general meeting of the Company in 2021, the amendments to the Articles of Association were considered and approved by the Board.

For details, see the announcements of the Company dated 28 March 2021 and 26 October 2021.

7. Change of Auditors

On 30 March 2021, the eleventh meeting of the ninth session of the Board resolved to propose the appointment of Baker Tilly China Certified Public Accountants (Special General Partnership) as the domestic auditor (internal control auditor) of the Company and Baker Tilly Hong Kong Limited as the overseas auditor of the Company, respectively, which was considered and approved at the 2020 AGM. The respective term of service of Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited has commenced from the date of the approval at the 2020 AGM up to the date of the next annual general meeting of the Company.

For details, please refer to the announcements of the Company dated 30 March 2021 and 30 June 2021.

8. Shareholders' Return Plan

On 25 March 2021, the Shareholders' Return Plan for the Years 2020-2022 was considered and approved at the 10th meeting of the ninth session of the Board of the Company by adhering to the principals of getting a reasonable return on investment for shareholders while taking into account the interests of all the shareholders as a whole, and the long-term interests and the reasonable funding requirements of the Company, so as to implement a sustainable, stable and proactive profit distribution policy. During 2020 to 2022, the profit to be distributed in cash by the Company in principle shall not be less than 50% of the distributable profits achieved in that year as indicated in the consolidated statements, and the dividend per share shall not be less than RMB0.2. Aforesaid Shareholders' Return Plan has come into effect after it is considered and approved at the 2021 third extraordinary general meeting.

For details, please refer to the announcements of the Company dated 25 March 2021 and 28 May 2021.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors of the Company are aware, each of the following persons, not being a Director, Supervisor, chief executive or member of the senior management of the Company, had an interest or short position as at 31 December 2021 in the Company's shares or underlying shares (as the case may be) which was disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or was otherwise interested in 5% or more of any class of issued share capital of the Company as at 31 December 2021, or was a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules")) of the Company as at 31 December 2021.

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

(L) = long position

(P) = lending pool

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

Save as disclosed above and so far as the Directors are aware, as at 31 December 2021, no other person (other than the directors, supervisors, chief executive or members of senior management of the Company) had any interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

SECURITIES INTERESTS OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE OR MEMBERS OF SENIOR MANAGEMENT

As at 31 December 2021, none of the Directors, Supervisors, chief executive or members of senior management of the Company and their respective associates had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interest or short position which any such Director, Supervisor, chief executive or member of senior management of the Company was taken or deemed to have under such provisions of the SFO), or was required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company (which for this purpose shall be deemed to apply to the Supervisors of the Company to the same extent as it applies to the Directors).

In 2021, the Company has adopted a code of conduct regarding transactions of the Directors and Supervisors in the Company’s securities on terms identical to those of the Model Code. Having made specific enquiries of all Directors and Supervisors, the Company understands that all Directors and Supervisors have complied with the required standards set out in the Model Code.

CORPORATE GOVERNANCE

The Company has always attached great importance to the corporate governance and continuously promoted management innovation. In strict compliance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China, the Shanghai Listing Rules, the Hong Kong Listing Rules and relevant provisions promulgated by domestic and overseas securities regulatory institutions, the Company has improved its corporate governance structure, enhanced the level of its governance and endeavoured to achieve a harmonious development between the Company’s growth and the interest of its shareholders.

The codes on corporate governance of the Company include, but not limited to, the following documents:

1. Articles of Association;
2. Rules of Procedures for General Meetings of Shareholders, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee (as a part of the current Articles of Association);
3. Terms of Reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Committee of the Board;
4. Working Requirements for Independent Directors;
5. Working Requirements for Secretary to the Board;
6. Working Rules for General Manager;

7. Code on the Company's Investment Projects;
8. the Company's Management Methods on Raised Proceeds;
9. the Company's Management Methods on External Guarantees;
10. the Company's Management Rules on Information Disclosure;
11. Management Rules on Investor Relations and Implementation Procedures;
12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;
13. Code on Trading in Securities of the Company by Employees of the Company;
14. Management Methods for Affairs of the Board of Directors;
15. Working Rules on Annual Report for the Audit Committee of the Board;
16. Working Rules on Annual Report for Independent Directors;
17. Management Methods on Connected Transactions; and
18. Insider Registration and Management Methods.

The Board is committed to the principles of corporate governance in order to achieve a prudent management and enhancement of shareholders' value. Transparency, accountability and independence are enshrined under these principles.

The Board has reviewed the relevant requirements prescribed under the corporate governance codes adopted by the Company and its actual practices, and has taken the view that the corporate governance of the Company in 2021 has met the requirements under the code provisions in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Hong Kong Listing Rules and there was no deviation from such provisions. In certain aspects, the corporate governance codes adopted by the Company are more stringent than the code provisions set out in the CG Code, the particulars of which are as follows:

- The Company has formulated the Code on Trading in Securities of Huadian Power International Corporation Limited* by Directors (Supervisors) and the Code on Trading in Securities of Huadian Power International Corporation Limited* by Employees, which are on terms no less exacting than those set out in the Model Code set out in Appendix 10 to the Hong Kong Listing Rules.
- In addition to the audit committee, the remuneration and appraisal committee and the nomination committee, the Company has established the strategic committee and stipulated the Terms of Reference of the Strategic Committee.
- In the financial year of 2021, a total of sixteen Board meetings were held by the Company.
- The audit committee comprises five members, including two non-executive directors and three independent non-executive directors.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the financial year of 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its issued securities (“**securities**” having the meaning as ascribed thereto under paragraph 1 of Appendix 16 to the Hong Kong Listing Rules).

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2021, the Group’s deposits placed with financial institutions or other parties did not include any designated or entrusted deposits, or any material overdue time deposits which could not be collected by the Group upon maturity.

AUDIT COMMITTEE

The Company’s audit committee has reviewed the annual results of the Group for 2021 and the financial statements prepared under IFRSs for the financial year ended 31 December 2021.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of preliminary announcement of Group’s results for the year ended 31 December 2021 have been agreed by the Group’s auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Baker Tilly Hong Kong Limited 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 Baker Tilly Hong Kong Limited on the preliminary announcement.

MATERIAL LITIGATION

As of 31 December 2021, some members of the Group were a party to certain litigations arising from the Group’s ordinary course of business or acquisition of assets. The management of the Group believes that any possible legal liability which incurred or may incur from the aforesaid cases will have no material adverse effect on the financial position and operating results of the Group.

By order of the Board
Huadian Power International Corporation Limited*
Ding Huande
Chairman

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

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

Beijing, the PRC
25 March 2022

* *For identification purpose only*

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

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under IFRSs of the Group as set out in its 2021 annual report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Turnover	<i>3</i>	100,983,552	89,382,243
Operating expenses			
Fuel costs		(74,471,831)	(41,394,152)
Costs of coal sold		(11,352,083)	(11,461,662)
Depreciation and amortisation		(11,506,347)	(11,759,219)
Repairs, maintenance and inspection		(3,778,694)	(3,940,470)
Personnel costs	<i>4</i>	(6,958,393)	(6,333,469)
Administration expenses		(4,827,353)	(3,300,386)
Taxes and surcharges	<i>5</i>	(976,501)	(1,099,224)
Other operating expenses	<i>9(b)</i>	(1,511,678)	(1,303,510)
		(115,382,880)	(80,592,092)
Operating (loss)/profit		(14,399,328)	8,790,151
Investment income	<i>6</i>	6,461,917	45,120
Other revenue	<i>7</i>	1,370,714	1,039,567
Other net income	<i>7</i>	1,359,670	929,271
Interest income from bank deposits		136,259	100,078
Fair value loss on financial assets at fair value through profit or loss		(37,228)	(1,251)
Finance costs	<i>8</i>	(4,352,826)	(4,532,660)
Share of results of associates and joint ventures		2,470,209	521,557
(Loss)/profit before taxation	<i>9(a)</i>	(6,990,613)	6,891,833
Income tax credit/(expense)	<i>10</i>	1,774,724	(1,216,202)
(Loss)/profit for the year		(5,215,889)	5,675,631

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

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
Other comprehensive income:			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income of investees accounted for under the equity method(with nil tax effect)		38,391	5,800
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income (non-recycling) of investees accounted for under the equity method(with nil tax effect)		41,412	–
Other comprehensive income for the year (net of tax)	11	79,803	5,800
Total comprehensive (expense)/income for the year		<u>(5,136,086)</u>	<u>5,681,431</u>
(Loss)/profit for the year attributable to:			
Equity holders of the Company		(3,341,982)	4,166,756
Non-controlling interests		(1,873,907)	1,508,875
		<u>(5,215,889)</u>	<u>5,675,631</u>
Total comprehensive (expense)/income for the year attributable to:			
Equity holders of the Company		(3,262,382)	4,172,556
Non-controlling interests		(1,873,704)	1,508,875
		<u>(5,136,086)</u>	<u>5,681,431</u>
Basic and diluted (loss)/earnings per share	12	<u>RMB(0.443)</u>	<u>RMB0.329</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		125,676,926	160,304,083
Right-of-use assets		6,497,402	7,533,405
Construction in progress		15,807,420	22,361,667
Investment properties		61,828	32,283
Intangible assets		1,900,627	4,163,741
Goodwill		1,199,701	1,233,366
Interests in associates and joint ventures		37,266,831	12,023,223
Financial assets at fair value through profit or loss		330,064	307,890
Other non-current assets		1,762,095	3,126,447
Deferred tax assets		2,289,323	748,228
		192,792,217	211,834,333
Current assets			
Inventories		6,130,892	2,347,810
Trade debtors and bills receivable	<i>13</i>	9,265,280	11,719,443
Deposits, other receivables and prepayments		7,554,257	4,033,493
Tax recoverable		552,862	76,775
Restricted deposits		145,463	180,624
Cash and cash equivalents		5,945,067	6,498,457
		29,593,821	24,856,602

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

(Expressed in Renminbi)

	<i>Note</i>	2021 RMB'000	2020 RMB'000
Current liabilities			
Bank loans		29,968,493	25,566,828
Loans from shareholders		617,054	700,000
State loans		1,733	1,926
Other loans		5,491,491	3,245,524
Short-term debentures payable		2,023,880	–
Long-term debentures payable-current portion		5,861,218	1,996,838
Amount due to the parent company		27,599	42,337
Lease liabilities		240,830	641,932
Trade creditors and bills payable	<i>14</i>	14,793,426	17,490,945
Other payables and contract liabilities		6,431,258	8,833,733
Tax payable		205,952	625,496
		65,662,934	59,145,559
Net current liabilities		(36,069,113)	(34,288,957)
Total assets less current liabilities		156,723,104	177,545,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021

(Expressed in Renminbi)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Non-current liabilities		
Bank loans	45,353,610	50,490,648
Loans from shareholders	5,579,400	6,007,768
State loans	45,384	52,372
Other loans	5,703,716	7,851,972
Long-term debentures payable	16,078,002	10,495,397
Convertible bonds – liability components	1,433,637	–
Lease liabilities	327,557	1,175,083
Long-term payables	–	262,460
Provisions	64,242	236,717
Deferred government grants	1,266,742	1,569,874
Deferred income	2,896,818	3,028,195
Deferred tax liabilities	1,690,353	1,966,243
Retirement benefit obligations	15,078	15,538
	<u>80,454,539</u>	<u>83,152,267</u>
Net assets	<u><u>76,268,565</u></u>	<u><u>94,393,109</u></u>
Capital and reserves		
Share capital	9,869,858	9,862,977
Perpetual capital securities	22,473,349	24,645,175
Reserves	31,365,210	38,637,209
Equity attributable to equity holders of the Company	<u>63,708,417</u>	<u>73,145,361</u>
Non-controlling interests	<u>12,560,148</u>	<u>21,247,748</u>
Total equity	<u><u>76,268,565</u></u>	<u><u>94,393,109</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with all applicable IFRSs issued by the International Accounting Standards Board. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

At 31 December 2021, the Group had net current liabilities of approximately RMB36,069 million and certain capital commitments. The directors of the Company are of the opinion that, taking into account the current operation of the Group; the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the date of consolidated statement of financial position. Therefore, these consolidated financial statements have been prepared on a going concern basis.

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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

2. Application of amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021.

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

3. Turnover and segment information

(a) Disaggregation of turnover

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

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Sale of electricity	81,898,723	70,185,438
Sale of heat	7,468,176	6,656,108
Sale of coal	11,616,653	12,540,697
	<u>100,983,552</u>	<u>89,382,243</u>

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

(b) Segment information

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

Geographical information

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

Information about major customers

In 2021, the revenue from power grid operator, under common control of State Grid Corporation of China accounted for 81% of external revenue (2020: 77%). The sale to subsidiaries of State Grid Corporation of China contributing over 10% of the total sales of the Group are as follows:

	2021 RMB'000	2020 RMB'000
State Grid Shandong Electric Power Company*	30,851,776	25,168,838
State Grid Hubei Electric Power Company*	11,539,187	9,669,483

* Revenue from sale of electricity

4. Personnel costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Wages, welfare and other benefits	4,526,316	4,608,664
Retirement costs	1,211,742	690,459
Other staff costs	1,220,335	1,034,346
	<u>6,958,393</u>	<u>6,333,469</u>

5. Taxes and surcharges

During the year, taxes and surcharges of the Group with the amount of approximately RMB977 million (2020: RMB1,099 million) mainly represent city maintenance and construction tax, education surcharge, urban land use tax, real estate tax and other taxes and surcharges.

6. Investment income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividend income from financial assets measured at FVPL	24,176	9,128
Dilution gain on investment in an associate	1,690,603	–
Gain on loss of control of subsidiaries	4,649,443	616
Gain on disposal of associates	119,154	69,880
Interest on loans and receivables	15,200	15,278
Loss on disposal of financial assets measured at FVOCI	(36,659)	(49,782)
	<u>6,461,917</u>	<u>45,120</u>

7. Other revenue and net income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other revenue		
Government grants (<i>Note</i>)	751,233	358,260
Revenue from upfront installation fees for heating networks	263,737	211,487
Others	355,744	469,820
	<u>1,370,714</u>	<u>1,039,567</u>
Other net income		
Gain on disposal of property, plant and equipment	325,292	59,274
Net income from sale of materials	1,362,118	1,135,770
Others	(327,740)	(265,773)
	<u>1,359,670</u>	<u>929,271</u>

Note:

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

8. Finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on loans and other financial liabilities	4,497,310	4,725,017
Interest on lease liabilities	38,616	95,783
Interest on convertible bonds	14,657	–
Other finance costs	117,961	113,565
Net foreign exchange gain	(5,702)	(767)
Less: interest capitalised	(310,016)	(400,938)
	<u>4,352,826</u>	<u>4,532,660</u>

The borrowing costs have been capitalised at an average rate of 4.08% (2020: 4.32%) per annum for construction in progress.

9. (Loss)/profit before taxation

(a) (Loss)/profit before taxation is arrived at after charging:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortisation		
– Intangible assets	205,379	269,357
Depreciation		
– Property, plant and equipment	10,986,316	11,089,213
– Right-of-use assets	314,102	400,180
– Investment properties	550	469
	<hr/>	<hr/>
Total amortisation and depreciation	11,506,347	11,759,219
Auditor's remuneration		
– Audit services	6,950	8,300
– Non-audit services	1,250	1,300
Cost of inventories recognised	89,602,608	56,796,284
Impairment losses under expected credit loss model, net (included in administration expenses)		
– Trade debtors and bills receivable	97,631	14,739
– Deposits, other receivables and prepayments	373,446	34,474
Write-down of inventories, net	42,298	21,107
Impairment losses on non-financial assets (included in administration expenses):		
– Property, plant and equipment	302,906	1,476,924
– Construction in progress	361,305	11,999
– Goodwill	423,203	94,156
Expense relating to short-term leases	21,451	46,204
Research and development costs	2,761	28,224
	<hr/> <hr/>	<hr/> <hr/>

(b) Other operating expenses:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Heating	508,334	376,978
Power charges	573,076	457,668
Water charges	389,414	368,877
Environmental restoration expenses	13,782	78,722
Other expense relating to short-term leases	27,072	21,265
	<hr/>	<hr/>
Total other operating expenses	1,511,678	1,303,510
	<hr/> <hr/>	<hr/> <hr/>

10. Income tax in the consolidated statement of profit or loss and other comprehensive income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax - PRC Enterprise Income Tax		
Charge for the year	416,058	1,574,744
(Over)/under - provision in respect of prior years	(11,729)	12,850
	404,329	1,587,594
Deferred tax		
Origination and reversal of temporary differences and tax losses	(2,179,053)	(371,392)
Income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensive income	(1,774,724)	1,216,202

11. Other comprehensive income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Share of other comprehensive income of investees accounted for under the equity method	38,391	5,800
Share of other comprehensive income (non-recycling) of investees accounted for under the equity method	41,412	-
Other comprehensive income, net of income tax	79,803	5,800

12. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(Loss)/profit attributable to equity holders of the Company	(3,341,982)	4,166,756
Less: Profit attributable to holders of perpetual capital securities	(1,023,261)	(917,861)
	<u>(4,365,243)</u>	<u>3,248,895</u>
Weighted average number of ordinary shares in issue (Rounded to the nearest thousand)	<u>9,864,768</u>	<u>9,862,977</u>
Basic (loss)/earnings per share (RMB)	<u>(0.443)</u>	<u>0.329</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the year ended 31 December 2021, the Company has 1 category of dilutive potential ordinary shares: convertible bonds.

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

The computation of diluted loss per share for the year ended 31 December 2021 did not assume the conversion of convertible bonds because the conversion will have an anti-dilutive effect.

13. Trade debtors and bills receivable

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade debtors and bills receivable for the sale of electricity	8,187,764	9,437,658
Trade debtors and bills receivable for the sale of heat	841,053	846,628
Trade debtors and bills receivable for the sale of coal	565,380	1,709,518
	<hr/>	<hr/>
	9,594,197	11,993,804
Less: allowance for impairment	(328,917)	(274,361)
	<hr/>	<hr/>
	9,265,280	11,719,443
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2021, the ageing analysis of trade debtors and bills receivable (net of allowance for impairment), presented based on the invoice date, which approximated to the revenue recognition date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	9,174,783	10,493,513
1 to 2 years	24,385	835,637
2 to 3 years	22,115	279,437
Over 3 years	43,997	110,856
	<hr/>	<hr/>
	9,265,280	11,719,443
	<hr/> <hr/>	<hr/> <hr/>

14. Trade creditors and bills payable

As at 31 December 2021, the ageing analysis of trade creditors and bills payable, presented based on the invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	12,487,154	13,566,685
1 to 2 years	764,963	2,761,574
Over 2 years	1,541,309	1,162,686
	<u>14,793,426</u>	<u>17,490,945</u>

15. Dividends

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend proposed after the end of reporting period of RMB0.25 per share (2020: RMB0.25 per share)	<u>2,467,465</u>	<u>2,465,744</u>

Pursuant to a resolution passed at the directors' meeting held on 25 March 2022, final dividend of RMB0.25 per share will be payable to shareholders for 2021, subject to the approval of the shareholders at the coming annual general meeting.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Final dividend in respect of the previous financial year approved and paid during the year, of RMB0.25 per share (2020: RMB0.146 per share)	<u>2,465,744</u>	<u>1,439,995</u>

16. Contingent liabilities

As at 31 December 2021, some subsidiaries of the Company were the defendant in certain lawsuits for events incurred before the acquisition date. At the end of reporting period, the lawsuits were in progress whose final outcomes cannot be determined at present. The directors of the Company considered that the outcome of these outstanding lawsuits will not result in significant adverse effect on the financial position and operating results of the Group.

The Group has no other material contingent liabilities as at 31 December 2021 (31 December 2020: Nil).

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

The consolidated financial information set out below is extracted from the audited consolidated financial statements prepared under CAS of the Group as set out in its 2021 annual report.

CONSOLIDATED BALANCE SHEET AND THE COMPANY’S BALANCE SHEET

As at 31 December 2021

(Expressed in Renminbi’000)

Item	Consolidated		The Company	
	31 December 2021	31 December 2020 (Restated)	31 December 2021	31 December 2020
Non-current assets:				
Long-term investments	254,430	170,066	318,511	241,333
Long-term equity investments	37,250,043	12,050,774	76,823,631	55,560,659
Other non-current financial assets	330,195	323,237	79,971	45,898
Investment properties	61,828	32,283	22,375	–
Property, plant and equipment	123,025,848	161,595,640	15,131,864	15,647,720
Construction in progress	15,862,389	23,543,261	3,779,117	4,998,500
Right-of-use assets	1,001,786	2,290,514	146,516	53,594
Intangible assets	7,216,742	12,215,066	904,620	958,361
Goodwill	441,212	864,415	–	–
Deferred tax assets	2,328,526	789,345	–	361,092
Other non-current assets	1,508,660	2,980,497	419,477	521,727
Total non-current assets	189,281,659	216,855,098	97,626,082	78,388,884
Current assets:				
Cash and cash equivalents	6,090,530	6,954,029	739,464	936,839
Bills receivable	3,940	27,393	3,940	27,393
Trade debtors	9,049,423	10,452,066	1,414,828	416,881
Bills receivable financing	755,040	1,681,708	25,036	275,280
Prepayments	2,066,807	884,922	265,967	26,213
Other receivables	2,141,817	1,334,392	13,626,221	15,496,050
Inventories	6,116,153	2,600,791	768,778	350,715
Non-current assets – current portion	73,514	157,890	88,975	173,351
Other current assets	3,281,546	1,802,120	335,017	253,028
Total current assets	29,578,770	25,895,311	17,268,226	17,955,750

CONSOLIDATED BALANCE SHEET AND THE COMPANY'S BALANCE SHEET
(CONTINUED)

As at 31 December 2021
(Expressed in Renminbi'000)

Item	Consolidated		The Company	
	31 December 2021	31 December 2020 (Restated)	31 December 2021	31 December 2020
Current liabilities				
Short-term loans	27,644,545	22,277,641	6,257,815	5,452,397
Bills payable	2,411,667	684,777	200,000	–
Trade creditors	12,391,502	17,313,999	2,354,468	2,502,848
Salaries payable	222,627	255,743	53,414	49,862
Tax payable	1,584,729	1,852,771	144,610	68,316
Other payables	2,837,412	5,489,177	724,863	1,088,744
Contract liabilities	1,875,588	1,947,149	22,069	60,569
Non-current liabilities – current portion	14,536,274	11,838,702	9,180,656	3,795,898
Other current liabilities	2,158,534	91,869	2,066,248	12,649
Total current liabilities	65,662,878	61,751,828	21,004,143	13,031,283
Net current (liabilities)/assets	(36,084,108)	(35,856,517)	(3,735,917)	4,924,467
Total asset less current liabilities	153,197,551	180,998,581	93,890,165	83,313,351
Non-current liabilities				
Long-term loans	56,682,110	66,307,090	13,092,879	10,454,164
Long-term debentures payable	17,511,639	10,495,397	17,511,639	10,495,397
Lease liabilities	327,557	1,175,083	93,907	36,721
Long-term payables	116,939	409,717	43,334	35,311
Retirement benefit obligations	15,078	15,538	–	–
Provisions	64,242	236,717	–	–
Deferred income	3,855,106	4,194,027	79,035	78,891
Deferred tax liabilities	1,058,765	1,590,863	62,281	–
Total non-current liabilities	79,631,436	84,424,432	30,883,075	21,100,484
Net assets	73,566,115	96,574,149	63,007,090	62,212,867
Shareholders' equity:				
Share capital	9,869,858	9,862,977	9,869,858	9,862,977
Other equity instruments	22,514,599	24,645,175	22,514,599	24,645,175
Including: Perpetual capital securities	22,473,349	24,645,175	22,473,349	24,645,175
Capital reserves	13,105,539	15,077,640	14,477,710	13,565,303
Other comprehensive income	66,622	(12,978)	66,843	(11,824)
Specific reserve	206,407	289,688	198,758	149,042
Surplus reserve	4,322,946	3,819,537	4,357,711	3,819,537
Retained earnings	11,743,673	20,701,830	11,521,611	10,182,657
Total equity attributable to equity holders of the Company	61,829,644	74,383,869	63,007,090	62,212,867
Non-controlling interests	11,736,471	22,190,280	–	–
Total equity	73,566,115	96,574,149	63,007,090	62,212,867

CONSOLIDATED INCOME STATEMENT AND THE COMPANY'S INCOME STATEMENT

For the year ended 31 December 2021

(Expressed in Renminbi'000)

Item	Consolidated		The Company	
	2021	2020 (Restated)	2021	2020
Total operating income	104,422,213	93,009,907	13,495,170	10,685,335
Less: Total operating costs	117,968,998	85,089,214	16,777,623	10,256,299
Including: Operating costs	110,856,816	77,493,958	15,212,361	9,059,742
Taxes and surcharges	1,023,935	1,160,454	197,898	171,498
Administrative expenses	1,806,701	1,844,150	484,258	346,590
Research and development expenses	2,761	–	–	–
Finance expenses	4,278,785	4,590,652	883,106	678,469
Impairment loss	2,934,446	1,597,266	4,983,280	551,641
Expected credit losses	471,077	50,356	351,677	53,261
Add: Investment income	7,242,095	570,089	13,843,347	3,825,207
Net loss on fair value changes	(37,228)	(1,251)	–	–
Gain on disposal of assets	259,742	8,865	26	–
Other income	938,305	505,196	147,249	43,147
Operating (loss)/profit	(8,549,394)	7,355,970	5,373,212	3,692,488
Add: Non-operating income	470,987	571,553	126,798	256,550
Less: Non-operating expenses	347,826	283,200	42,504	64,090
Total (loss)/profit	(8,426,233)	7,644,323	5,457,506	3,884,948
Less: Income tax (credit)/expenses	(1,671,991)	1,420,334	423,415	(419,827)
Net (loss)/profit	(6,754,242)	6,223,989	5,034,091	4,304,775
(i) Classified according to the continuity of operation				
(1) Continuous operating net (loss)/profit	(6,754,242)	6,223,989	5,034,091	4,304,775
(2) Terminate operating net profit	–	–	–	–
(ii) Classified according to the ownership				
(1) Minority interests	(1,788,896)	1,782,721	–	–
(2) Attributable to equity shareholders of the Company	(4,965,346)	4,441,268	5,034,091	4,304,775

CONSOLIDATED INCOME STATEMENT AND THE COMPANY'S INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2021

(Expressed in Renminbi'000)

Item	Consolidated		The Company	
	2021	2020 (Restated)	2021	2020
Other comprehensive income, net of tax	79,803	5,800	78,667	5,800
Other comprehensive income attributable to equity shareholders of the Company, net of tax	79,600	5,800	78,667	5,800
Items that will not be subsequently reclassified to profit or loss:	41,209	–	40,276	–
(1) Shares of other comprehensive income that will not be reclassified to profit or loss of investees accounted for under the equity method	41,209	–	40,276	–
Items that may be subsequently reclassified to profit or loss:	38,391	5,800	38,391	5,800
(1) Shares of other comprehensive income that may be subsequently reclassified to profit or loss of investees accounted for under the equity method	38,391	5,800	38,391	5,800
Other comprehensive income attributable to minority interests, net of tax	203	–	–	–
Total comprehensive (expenses)/income	<u>(6,674,439)</u>	<u>6,229,789</u>	<u>5,112,758</u>	<u>4,310,575</u>
Attributable to equity shareholders of the Company	<u>(4,885,746)</u>	4,447,068	<u>5,112,758</u>	4,310,575
Minority interests	<u>(1,788,693)</u>	1,782,721	<u>–</u>	–
(Loss)/earnings per share				
Basic (loss)/earnings per share (RMB/Share)	<u>(0.61)</u>	0.36	<u>N/A</u>	<u>N/A</u>
Diluted (loss)/earnings per share (RMB/Share)	<u>(0.61)</u>	0.36	<u>N/A</u>	<u>N/A</u>

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

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

	Notes	Net (loss)/profit attributable to equity holders of the Company		Net asset attributable to equity holders of the Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Amounts under CAS		(4,965,346)	4,179,447*	61,829,644	72,088,981*
Adjustments:					
Business combination involving entities under common control	(1)	(351,083)	(249,191)	3,642,536	2,063,003
Government grants	(2)	33,592	33,592	(253,209)	(286,801)
Maintenance and production safety funds	(3)	90,604	61,603	-	78,320
Separation and transfer of equipment	(4)	19,586	1,779	-	-
Dilution gain on investment in an associate	(5)	1,690,603	-	-	-
Taxation impact of the adjustments		55,051	51,113	(686,877)	(426,407)
Attributable to minority interest		85,011	88,413	(823,677)	(371,735)
Amounts under IFRSs		<u>(3,341,982)</u>	<u>4,166,756</u>	<u>63,708,417</u>	<u>73,145,361</u>

* The figures are extracted from the audited financial statements prepared under China Accounting Standards for Business Enterprise and issued on Shanghai Stock Exchange for the year ended 31 December 2020.

- (1) According to the accounting policies adopted in the Group's financial statements prepared under IFRSs, assets and liabilities acquired by the Group during business combination, irrespective of whether such business combination is involving entities under common control or not, are measured at the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. In preparing the consolidated financial statements, the respective financial statements of subsidiaries are adjusted based on the fair value of individual identifiable assets and liabilities at the date of acquisition. The excess of purchase consideration paid by the Company over its share of fair value of identifiable net assets of the acquired was recognised as goodwill.

In accordance with CAS, assets and liabilities acquired by the Group in business combination involving entities under common control are measured at their carrying value at the date of combination. The excess of carrying value of purchase consideration paid by the Company over its share of carrying value of identifiable net assets of the acquiree for business combination involving entities under common control reduces the share premium of capital reserve or retained profits.

In addition, according to CAS, in respect of business combination involving entities under common control, when preparing consolidated financial statements, the opening balances as well as the comparative figures of the financial statements should be adjusted as if the current structure and operations resulting from the acquisitions had been in existence since prior periods (no earlier than the later of both parties were under common control).

- (2) According to IFRSs, conditional government grants should be first recorded in long-term liabilities and amortised to profit or loss using the straight line method over the useful lives of the relevant assets after fulfilling the requirements from the government in respect of the construction projects.

According to CAS, government grants related to assets (required to be recorded in capital reserve pursuant to the relevant government notice) are not recognised as deferred income.

- (3) Pursuant to the relevant PRC regulations for coal mining companies, the funds for production maintenance and production safety are accrued by the Group at fixed rates based on coal production volume. Provision for maintenance and production funds is recognised as expense in profit or loss with a corresponding adjustment to the specific reserve. The maintenance and production funds could be utilised when expenses or capital expenditures on production maintenance and safety measures are incurred. The amount of maintenance and production funds utilised would be transferred from the specific reserve back to retained earnings.

According to IFRSs, coal mining companies are required to set aside an amount to a fund for production maintenance, production safety and other similar funds through transferring from retained earnings to specific reserve. When qualifying revenue expenditures are incurred, such expenses are recorded in the profit or loss as incurred. When capital expenditures are incurred, an amount is transferred to property, plant and equipment and is depreciated in accordance with the depreciation policy of the Group. Internal equity items transfers take place based on the actual application amount of such expenses whereas specific reserve is offset against retained earnings to the extent of zero.

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

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

- (5) Under CAS, gains or losses arising from dilution of investments in associates and joint ventures should be recorded in equity while adjusting the carrying amount of the long-term investment. Under IFRS, gains or losses of which should be recorded in profit or loss, while adjusting the carrying amount of the long-term investment.