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# 華潤電力控股有限公司

## China Resources Power Holdings Company Limited

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

**(Stock Code: 836)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **SUMMARY OF OPERATING RESULTS**

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company”) announces the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

For year 2021, profit attributable to owners of the Company (“Net Profit”) amounted to HK\$1,593 million, representing a decrease of HK\$5,990 million or 79.0% from Net Profit of HK\$7,583 million in 2020.

For year 2021, basic earnings per share amounted to HK\$0.33, representing a decrease of 79.0% from basic earnings per share of HK\$1.58 in 2020.

In Renminbi (“RMB”) terms, Net Profit amounted to RMB1,367 million in 2021, representing a decrease of RMB5,407 million or 79.8% from Net Profit of RMB6,774 million in 2020.

In 2021, core profit contribution from renewable energy business amounted to HK\$8,381 million (2020: HK\$4,521 million), and core profit contribution from thermal power business amounted to a loss of HK\$5,942 million (2020: profit HK\$5,234 million).

The Board has resolved to recommend a final dividend of HK\$0.045 per share for 2021. Including the interim dividend of HK\$0.25 per share paid in October 2021, total dividend for 2021 is HK\$0.295 per share, representing a dividend payout ratio of 89%.

	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Turnover ( <i>HK\$'000</i> )	89,799,915	69,550,811
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	1,592,752	7,582,668
Basic earnings per share ( <i>HK\$</i> )	0.33	1.58
Dividend per share ( <i>HK\$</i> )	0.295	0.631
Dividend payout ratio	89%	40%

	<b>HK\$'000</b>		<b>RMB'000</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit attributable to owners of the Company	1,592,752	7,582,668	1,366,574	6,773,917
Non-cash exchange losses, net	431,217	792,857	357,599	669,296
One-off provision for socialisation expenses for retirees	–	666,981	–	562,887
Asset impairment and asset disposal losses for shutdown of generation units	414,793	712,421	339,000	611,028
Core business profit attributable to owners of the Company	<u>2,438,762</u>	<u>9,754,927</u>	<u>2,063,173</u>	<u>8,617,128</u>

As at 31 December 2021, equity attributable to owners of the Company amounted to HK\$88,388 million, total assets of the Group amounted to HK\$287,355 million, cash and cash equivalents amounted to HK\$7,934 million, and net debt to shareholders' equity ratio was 143.3%.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
Equity attributable to owners of the Company ( <i>HK\$'000</i> )	88,387,668	85,802,768
Total assets ( <i>HK\$'000</i> )	287,355,077	259,631,937
Cash and cash equivalents ( <i>HK\$'000</i> )	7,934,211	5,036,484
Pledged and restricted bank deposits ( <i>HK\$'000</i> )	152,819	300,087
Bank and other borrowings ( <i>HK\$'000</i> )	134,747,702	108,219,038
Net debt to shareholders' equity (%)	143.3	119.9
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	4.6	6.7

*Note:*

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

## **BUSINESS REVIEW FOR 2021**

### **Renewable energy development**

As at the end of 2021, the Group had operational generation capacity of 60,465MW and attributable operational generation capacity of 47,997MW, out of which, the attributable operational generation capacity of our thermal power plants amounted to 32,556MW or 67.8%. The total operational generation capacity of wind, photovoltaic and hydro power amounted to 15,441MW or 32.2%, representing an increase of 6.3 percentage points from the end of 2020.

As at the end of 2021, the Group's attributable operational generation capacity of wind power amounted to 14,337MW, with 1,402MW under construction. Attributable operational photovoltaic power generation capacity amounted to 824MW, with 1,417MW under construction.

During the year, new attributable grid-connected generation capacity of wind and photovoltaic power of the Group totalled 2,535MW.

As at the end of 2021, the Group obtained approvals or filed for 1,800MW of wind power projects and 35,000MW of photovoltaic power projects, a total of 36,800MW.

During the year, the attributable operational generation capacity of the newly commissioned thermal power plants of the Group amounted to 413MW, including a 660MW heat and power cogeneration unit in Jinzhou (Phase II), Liaoning, 50% owned, and an 83MW gas-fired distributed project in Taizhou, Jiangsu, 100% owned.

As at the end of 2021, the attributable generation capacity of thermal power units under construction amounted to 3,405.2MW, mainly including 2x660MW units in Xiantao Power Plant, Hubei, 100% owned; 2x350MW units in Ningwu Power Plant, Shanxi, 50% owned; 2x660MW units (Phase II) in Fuyang, Anhui, 40% owned; 2x660MW units (Phase II) in Yunfu, Guangdong, 80% owned; and the attributable generation capacity of gas-fired distributed projects under construction amounted to 151.2MW.

### **Net generation volume**

2021 saw a year-on-year increase in the growth rate of power demand in the country. During the year, the total net generation volume of our consolidated power plants amounted to 177,300 GWh, up by 14.4% from 2020. Net generation volume of wind and photovoltaic power projects increased significantly by 57.8% and 63.2%, respectively, while net generation volume of subsidiary thermal power plants increased by 7.5% year-on-year.

The average full-load equivalent utilisation hours of the operational wind farms throughout the year was 2,464 hours, an increase of 228 hours or 10.2% as compared to 2020, exceeding the national average utilisation hours of wind power generation units by 232 hours. The average full-load equivalent utilisation hours of photovoltaic power projects was 1,510 hours, an increase of 87 hours or 6.1% as compared to 2020, exceeding the national average utilisation hours for photovoltaic power generation units by 229 hours. The average full-load equivalent utilisation hours of subsidiary coal-fired power plants was 4,730 hours, an increase of 139 hours or 3.0% as compared to 2020, exceeding the national average utilisation hours for thermal power units by 282 hours.

In 2021, the net generation volume of our consolidated power plants that followed market-based pricing accounted for 71.5%. The average market tariff was 3.4% lower than that of the benchmark on-grid tariff, the decrease of which has narrowed down as compared to 2020.

### **Heat supply business**

As at the end of 2021, 96% of the thermal power projects of the Group have expanded into the heating market and commenced heat supply operations in 28 cities across China. In 2021, turnover from heat supply business amounted to HK\$6,950 million, representing an increase of 23.5% as compared to 2020.

## **Fuel costs**

In 2021, coal prices significantly increased. Average unit fuel cost of the subsidiary coal-fired power plants was RMB305.8 per MWh, representing an increase of 60.4% compared to 2020. Average unit cost of standard coal was RMB1,022.0 per tonne, representing an increase of 59.5% compared to 2020.

Average net generation standard coal consumption rate of the subsidiary coal-fired power plants was 296.8g per kWh, representing an increase of 0.8g or 0.3% from 296.0g per kWh in 2020.

## **Capital expenditure**

In 2021, cash capital expenditure of the Group amounted to approximately HK\$26,731 million, of which HK\$19,703 million was used in the construction of wind, photovoltaic and hydro power plants, approximately HK\$4,955 million was used in the construction of thermal power units, HK\$1,237 million was used in the technological upgrades of operational coal-fired power units, approximately HK\$439 million was used in the residue payment for the construction of coal mines, and approximately HK\$397 million was used in the construction of integrated energy projects.

## **FUTURE PROSPECTS**

### **Development of renewable energy**

The Group will continue to make every effort to accelerate the development and construction of wind and photovoltaic projects. In the 14<sup>th</sup> Five Year Plan period, the Group aims to increase its installed capacity of renewable energy by 40GW. It is expected that the mix of installed capacity of renewable energy will exceed 50% by the end of the 14<sup>th</sup> Five Year Plan period (i.e. the end of 2025). To this end, we have further optimised the organisational structure, and accelerated the approval and filing of wind and photovoltaic power projects, thus to ensure the achievement of our targets for the 14<sup>th</sup> Five Year Plan period.

The grid connection target for wind and photovoltaic power projects of the Group for 2022 is expected to be 6,300MW.

## **Carbon emission reduction**

The Group currently aims to peak the carbon dioxide emissions by 2025. The path for the Group to lower its carbon emissions includes, among others, proactive development of renewable energy; strict control over new construction of coal-fired power generation units; reduction of coal consumption through increasing heat supply, biomass coupling and technological transformations; and active piloting of carbon capture, utilisation and storage (“CCUS”) technologies.

The Group has been actively piloting CCUS technologies. In addition to the pilot project in Haifeng Power Plant, the Group proactively explores new energy technology, and increases its investment in the research and development of carbon capture and application technology, and the related pilot projects.

The Group actively participates in China’s carbon trading market. Within the Company, a carbon trading system and a carbon management system have been set up and trainings on carbon management were regularly organised. The Company actively explores innovations in carbon trading models and optimised allocations of carbon assets to reduce costs.

China has been steadily and orderly promoting the participation of renewable energy in the power trading market and promoting green power trading. As more and more power users promote carbon emission reduction and implement sustainable development, the Group will increase efforts to develop green power users and actively explore the green power market.

To facilitate the achievement of the carbon emission reduction targets, the Group explicitly includes carbon emission reduction and renewable energy development in the senior managements’ performance contracts, and the key performance indicators include, among others, capacity mix of renewable energy, new grid-connection of renewable energy, and carbon emission per kWh, and evaluates actual performance.

## **Capital expenditure**

The cash capital expenditure in 2022 is expected to be approximately HK\$37.6 billion, including approximately HK\$30.5 billion for the construction of wind, photovoltaic and hydro-electric power plants, approximately HK\$4.0 billion for the construction of thermal power units (including coal-fired and gas-fired power units), approximately HK\$1.5 billion for the technological upgrades of operating coal-fired power units, approximately HK\$0.6 billion for the construction of coal mines, and approximately HK\$1.0 billion for the integrated energy and the construction of other projects.

In 2022, the Group expects to commission thermal power generation units with an attributable capacity of 2,085.2MW, including: Xiantao Power Plant, Hubei, Ningwu Power Plant, Shanxi, Fuyang (Phase II) Power Plant, Anhui, and gas-fired distributed energy projects.

## OPERATING RESULTS

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Turnover	<u>89,799,915</u>	<u>69,550,811</u>
Operating expenses		
Fuels	(58,444,438)	(32,494,062)
Depreciation and amortisation	(14,597,585)	(11,712,737)
Employee benefit expenses	(6,354,542)	(6,000,882)
Repairs and maintenance	(2,519,440)	(2,118,862)
Consumables	(1,313,921)	(1,043,317)
Impairment charges	(432,674)	(599,893)
Tax and surcharges	(671,259)	(700,722)
Others	<u>(2,706,824)</u>	<u>(2,157,142)</u>
Total operating expenses	<u>(87,040,683)</u>	<u>(56,827,617)</u>
Other income	2,812,146	2,460,379
Other gains and losses	<u>(92,079)</u>	<u>(1,090,381)</u>
Operating profit	5,479,299	14,093,192
Finance costs	(3,759,788)	(3,422,294)
Share of results of associates	241,346	555,373
Share of results of joint ventures	<u>(119,282)</u>	<u>244,058</u>
Profit before income tax	1,841,575	11,470,329
Income tax expense	<u>(957,536)</u>	<u>(2,793,994)</u>
Profit for the year	<u><u>884,039</u></u>	<u><u>8,676,335</u></u>
Profit for the year attributable to:		
Owners of the Company	1,592,752	7,582,668
Perpetual capital securities holders	462,980	235,327
Other non-controlling interests	<u>(1,171,693)</u>	<u>858,340</u>
	<u><u>884,039</u></u>	<u><u>8,676,335</u></u>
Basic earnings per share attributable to owners of the Company during the year	<u><u>HK\$0.33</u></u>	<u><u>HK\$1.58</u></u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year	<u>884,039</u>	<u>8,676,335</u>
Other comprehensive income (loss):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	4,194,597	8,107,285
Share of other comprehensive income of investments accounted for using the equity method	101,257	98,262
Release to profit or loss in relation to disposal of subsidiaries	1,627	2,401
Release to profit or loss in relation to disposal of associates	–	(20,639)
<i>Items that will not be reclassified to profit or loss</i>		
Transfer of deferred tax liability due to disposal of FVOCI	187,180	–
Fair value changes on equity investments at fair value through other comprehensive income, net of tax	(13,762)	463,959
Remeasurement of defined benefit pension plan	<u>(27,704)</u>	<u>–</u>
Other comprehensive income for the year, net of tax	<u>4,443,195</u>	<u>8,651,268</u>
Total comprehensive income for the year, net of tax	<u>5,327,234</u>	<u>17,327,603</u>
Attributable to:		
Owners of the Company	5,746,330	15,641,711
Perpetual capital securities holders	462,980	235,327
Other non-controlling interests	<u>(882,076)</u>	<u>1,450,565</u>
Total comprehensive income for the year, net of tax	<u>5,327,234</u>	<u>17,327,603</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2021**

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	192,953,359	180,816,825
Right-of-use assets	5,679,555	5,703,539
Goodwill	663,659	745,354
Mining rights	4,558,859	4,464,641
Exploration and resources rights	165,944	161,205
Deferred tax assets	1,040,784	861,407
Other receivables and prepayments	12,600,647	9,541,081
Interests in associates	8,760,459	8,203,530
Interests in joint ventures	5,760,413	5,778,918
Financial assets at fair value through other comprehensive income (FVOCI)	1,138,982	2,383,337
Loans to a FVOCI investee company	91,886	319,223
Loans to a non-controlling shareholder	–	14,852
	<u>233,414,547</u>	<u>218,993,912</u>
Current assets		
Inventories	6,748,274	2,911,509
Trade receivables, other receivables and prepayments	37,768,557	31,428,420
Loans to associates	83,904	220,772
Loans to joint ventures	262,377	300,080
Loans to a FVOCI investee company	372,107	131,519
Amounts due from associates	406,333	120,076
Amounts due from joint ventures	35,375	62,837
Amounts due from other related companies	176,573	126,241
Pledged and restricted bank deposits	152,819	300,087
Cash and cash equivalents	7,934,211	5,036,484
	<u>53,940,530</u>	<u>40,638,025</u>
<b>Total assets</b>	<u><u>287,355,077</u></u>	<u><u>259,631,937</u></u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital	22,316,710	22,316,710
Other reserves	21,680,974	16,906,139
Retained earnings	44,389,984	46,579,919
	<u>88,387,668</u>	<u>85,802,768</u>
Equity attributable to owners of the Company		
	<u>88,387,668</u>	<u>85,802,768</u>
Perpetual capital securities holders	10,827,061	10,827,061
Other non-controlling interests	7,835,877	9,320,463
	<u>107,050,606</u>	<u>105,950,292</u>
<b>Total equity</b>	<u>107,050,606</u>	<u>105,950,292</u>
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	105,310,179	82,109,487
Contract liabilities	858,566	421,748
Lease liabilities	863,241	892,045
Deferred tax liabilities	351,725	608,780
Deferred income	973,525	978,306
Retirement and other long-term employee benefits obligations	913,356	887,433
Other long-term payables	2,974,419	2,718,914
	<u>112,245,011</u>	<u>88,616,713</u>
Current liabilities		
Trade payables, other payables and accruals	34,136,474	33,586,853
Contract liabilities	1,481,794	1,720,182
Lease liabilities	114,999	183,165
Amounts due to associates	772,877	1,115,631
Amounts due to joint ventures	566,022	683,231
Amounts due to other related companies	7,391,714	6,458,016
Tax liabilities	409,820	1,160,066
Borrowings	23,185,760	20,157,788
	<u>68,059,460</u>	<u>65,064,932</u>
<b>Total liabilities</b>	<u>180,304,471</u>	<u>153,681,645</u>
<b>Total equity and liabilities</b>	<u>287,355,077</u>	<u>259,631,937</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2021**

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	1,841,575	11,470,329
Adjustments for:		
Depreciation and amortisation	14,597,585	11,712,737
Impairment charges	432,674	599,893
Exchange losses, net	431,217	878,392
Interest expense	3,759,788	3,422,294
Interest income	(300,601)	(348,549)
Share of results of associates	(241,346)	(555,373)
Share of results of joint ventures	119,282	(244,058)
Dividends income from FVOCI investee companies	(106,600)	(125,760)
(Gains) losses on disposal of property, plant and equipment	(70,697)	215,224
Gains on disposal of right-of-use assets	(131,247)	(27,582)
Losses (gains) on disposal of subsidiaries	761	(1,736)
Gains on disposal of a joint venture	(61,161)	–
Gains on disposal of associates	–	(4,891)
Changes in working capital:		
(Increase)/decrease in inventories	(3,727,263)	482,099
Increase in trade receivables, other receivables and prepayments	(10,960,705)	(6,261,275)
Increase in trade payables, other payables and accruals	4,088,611	1,511,050
Increase in retirement and other long-term employee benefits obligations	12,238	772,441
Income tax paid	(2,284,539)	(2,792,962)
<b>NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES</b>	<b><u>7,399,572</u></b>	<b><u>20,702,273</u></b>

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>		
Dividends received from associates and joint ventures	462,890	1,055,217
Dividends received from subsidiaries disposed of in prior years	–	264,888
Dividends received from FVOCI investee companies	101,045	246,645
Interests received	386,412	36,705
Advance proceeds from demolition of property, plant and equipment and right-of-use assets	566,149	–
Proceeds from disposal of property, plant and equipment and right-of-use assets	166,718	204,597
Proceeds from disposal of subsidiaries engaging in coal mining business	4,850,850	–
Proceeds from disposal of associates	–	583,786
Proceeds from disposal of a joint venture	368,546	–
Proceeds from disposal of a FVOCI investment	159,035	349,147
Acquisition of property, plant and equipment, mining rights and right-of-use assets	(25,117,553)	(30,528,698)
Capital contributions into associates	(78,557)	(73,259)
Capital contributions into joint ventures	(357,178)	(652,590)
Investment made into FVOCI	(71,219)	(74,495)
Loans to associates	(18,063)	(182,591)
Loans repaid by associates	158,761	–
Loans to joint ventures	(95,320)	(117,695)
Loans repaid by joint ventures	61,217	256,398
Loans to other related parties	–	(8,745)
Net cash outflow on acquisition of interest in subsidiaries	(133,137)	–
Net cash outflow on acquisition of interest in associates	(717,655)	–
Prepayment on acquisition of interest in an associate	(126,985)	–
Government grants related to assets	14,697	16,501
Proceeds upon dissolving a subsidiary	21,209	–
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<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(19,398,138)</b>	<b>(28,624,189)</b>
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	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	55,673,507	42,912,951
Repayment of bank borrowings	(27,753,140)	(33,589,910)
Proceeds from issuance of perpetual capital securities	–	5,257,010
Proceeds from issuance of corporate bonds	1,207,390	2,274,560
Redemption of corporate bonds	(6,042,400)	(2,568,454)
Proceeds from disposal of interests in subsidiaries without loss of control	–	110,722
Capital contributions by non-controlling interests	238,853	173,103
Advances from an intermediate holding company	1,000,000	2,464,380
Repayment of advances from an intermediate holding company	(700,000)	(2,783,279)
Advances from (repayment of advances from) associates	(375,156)	607,147
Advances from (repayment of advances from) joint ventures	(146,532)	469,660
Repayment of advances from other related companies	(143,646)	(97,749)
Advances from non-controlling interests of subsidiaries	5,416	–
Principal elements of lease payments	(149,678)	(168,307)
Interests paid	(3,987,665)	(3,975,038)
Dividends paid to owners of the Company	(3,154,904)	(2,755,790)
Dividends paid to non-controlling interests of subsidiaries	(482,129)	(589,773)
Interests paid to perpetual capital securities holders	(462,980)	(235,327)
Underwriting fees for issuance of perpetual capital securities	–	(11,059)
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<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<b>14,726,936</b>	<b>7,494,847</b>
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<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,728,370</b>	<b>(427,069)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>5,036,484</b>	<b>4,907,306</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>169,357</b>	<b>556,247</b>
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<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>7,934,211</b>	<b>5,036,484</b>
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## **Changes in accounting standards and disclosures**

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

Other than additional accounting policies as resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

### **Application of amendments to HKFRSs**

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group’s consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

### **Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”**

## **Financial instruments**

### **Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform**

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures (“HKFRS 7”).

As at 1 January 2021, the Group had bank and other borrowing amounting to HK\$25,316 million, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

During the year, the Group’s LIBOR bank and other borrowings with carrying amounts of HK\$736 million have been transitioned to the relevant alternative benchmark rates. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

### **The Group has not early adopted new and amended standards that have been issued but are not effective for the financial year beginning after 1 January 2021.**

Certain new accounting standards and interpretations have been published during the year that are not mandatory for the reporting period ended 31 December 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## TURNOVER AND SEGMENT INFORMATION

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

	HK\$'000		RMB'000	
	2021	2020	2021	2020
Sales of electricity	82,849,584	63,924,735	68,716,484	56,664,494
Including: Sales of power generated from thermal power plants	62,569,413	51,446,200	51,794,521	45,608,809
Sales of power generated from renewable energy	20,280,171	12,478,535	16,921,963	11,055,685
Heat supply	<u>6,950,331</u>	<u>5,626,076</u>	<u>5,759,962</u>	<u>4,955,868</u>
	<u><u>89,799,915</u></u>	<u><u>69,550,811</u></u>	<u><u>74,476,446</u></u>	<u><u>61,620,362</u></u>

The Group's turnover for 2021 was HK\$89,800 million, representing an increase of HK\$20,249 million or 29.1% from HK\$69,551 million for 2020. In RMB terms, the turnover for 2021 was RMB74,476 million, representing an increase of RMB12,856 million or 20.9% from RMB61,620 million in 2020. The increase is mainly attributable to (1) a year-on-year increase of 14.4% in net generation volume of subsidiary power plants; (2) a year-on-year increase of 7.4% in the average on-grid tariffs (tax exclusive) of subsidiary coal-fired power plants; (3) a year-on-year increase of 4.1% in the sales of heat supply of subsidiary power plants; (4) a year-on-year increase of 10.7% in the average unit price (tax exclusive) of the sales of heat supply of subsidiary power plants; and (5) a year-on-year increase in the amount of turnover in Hong Kong dollars arising from the appreciation of the exchange rate of RMB against the Hong Kong dollar by 7.1%.

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

As at 31 December 2021, after considering the liabilities that can be split and classified to the renewable energy segment, the net assets of the Group's renewable energy segment attributable to the owners of the Company was HK\$65,370 million and the net assets of the Group's thermal power segment attributable to the owners of the Company was HK\$23,018 million.



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

**For the year ended 31 December 2021**

	<b>Thermal power <i>HK\$'000</i></b>	<b>Renewable energy <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue			
External sales	<u>69,519,744</u>	<u>20,280,171</u>	<u>89,799,915</u>
Segment (losses) profit	<u>(7,155,981)</u>	<u>9,428,773</u>	2,272,792
Exchange losses, net			<u>(431,217)</u>
Profit before income tax			<u><u>1,841,575</u></u>
Profit attributable to owners of the Company (before non-cash exchange gains and losses)	(6,348,814)	8,372,783	2,023,969
Asset impairment losses	<u>406,372</u>	<u>8,421</u>	<u>414,793</u>
Core business profit (losses) attributable to owners of the Company	<u><u>(5,942,442)</u></u>	<u><u>8,381,204</u></u>	<u><u>2,438,762</u></u>

**For the year ended 31 December 2020**

	<b>Thermal power <i>HK\$'000</i></b>	<b>Renewable energy <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
Segment revenue			
External sales	<u>57,072,276</u>	<u>12,478,535</u>	<u>69,550,811</u>
Segment profit	<u>7,546,354</u>	<u>4,802,367</u>	12,348,721
Exchange losses			<u>(878,392)</u>
Profit before income tax			<u><u>11,470,329</u></u>
Profit attributable to owners of the Company (before non-cash exchange gains and losses)	4,182,222	4,193,303	8,375,525
Asset impairment and asset disposal losses for shutdown of generation units	384,433	327,988	712,421
One-off provision for socialisation expenses for retirees	<u>666,981</u>	<u>–</u>	<u>666,981</u>
Core business profit attributable to owners of the Company	<u><u>5,233,636</u></u>	<u><u>4,521,291</u></u>	<u><u>9,754,927</u></u>

## **Geographical information**

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

## **Operating expenses**

Operating expenses mainly comprise fuel cost, depreciation and amortisation, employee benefit expenses, repairs and maintenance, consumables, impairment charges, tax and surcharges and other operating expenses. Other operating expenses include office rent, water charges, utility expenses and other management expenses. Total operating expenses for 2021 amounted to HK\$87,041 million, representing an increase of HK\$30,213 million or 53.2% from HK\$56,828 million for 2020.

Fuel costs increased by HK\$25,950 million or 79.9% from HK\$32,494 million for 2020 to HK\$58,444 million for 2021, mainly due to (1) an increase in the unit price of standard coal by 59.5% year-on-year; (2) an increase in the net generation volume of subsidiary coal-fired power plants by 7.6% year-on-year; (3) an increase in the heat sales volume of subsidiary power plants by 4.1% year-on-year; and (4) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Depreciation and amortisation increased by HK\$2,885 million or 24.6% from HK\$11,713 million for 2020 to HK\$14,598 million for 2021, mainly due to (1) the commissioning of a large number of renewable energy projects; and (2) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Employee benefit expenses increased by HK\$354 million or 5.9% from HK\$6,001 million for 2020 to HK\$6,355 million for 2021, mainly due to (1) the commissioning of a large number of renewable energy projects; (2) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD; however, such increase was reduced due to the following two factors: the one-off provision for socialisation expenses for retirees of subsidiaries, and the employee dismissal benefits provided for the coal business of Tianneng for last year.

Repairs and maintenance expenses increased by HK\$400 million or 18.9% from HK\$2,119 million for 2020 to HK\$2,519 million for 2021, mainly due to (1) an increase in repairs and maintenance works arising from the growth of installed capacity as a result of the commissioning of new power units; and (2) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Consumables increased by HK\$271 million or 25.9% from HK\$1,043 million for 2020 to HK\$1,314 million for 2021, mainly due to (1) an increase in net generation volume of subsidiary power plants, resulting in the increased consumption of consumables; (2) the commissioning of new power units and the growth of installed capacity, resulting in an increase in material consumption; and (3) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Impairment charges decreased by HK\$167 million or 27.9% from HK\$600 million for 2020 to HK\$433 million in 2021, mainly due to the asset impairment provision for wind power projects that withdrew or had not completed grid-connection in 2020; however, the decrease was partially offset by the following two factors: the impairment provision for goodwill of Yangzhou No. 2 Power Generation Co., Ltd. and Shenyang China Resources Heating Co., Ltd., and the appreciation of the exchange rate of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Tax and surcharges decreased by HK\$30 million or 4.2% from HK\$701 million for 2020 to HK\$671 million for 2021, mainly due to a decrease in the amount of value-added tax and a decrease in urban maintenance and construction tax and education surcharge payable; however, such decrease was partially offset by the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

Other operating expenses amounted to HK\$2,707 million, representing an increase of HK\$550 million or 25.5% from HK\$2,157 million for 2020. Other operating expenses mainly included other production costs of the power business such as water charges and utility expenses amounting to HK\$2,282 million, office rents, and building management fees, professional fees, administrative charges and other administrative costs amounting to HK\$424 million.

### Other income

Other income amounted to HK\$2,812 million, representing an increase of HK\$352 million or 14.3% from HK\$2,460 million for 2020, which was mainly attributable to the increases in the income from government subsidies and by-products. Other income for 2021 mainly included sales of byproducts of HK\$1,193 million, government grant of HK\$704 million, income from service fees of HK\$430 million and interest income of HK\$301 million.

### Other gains and losses

Other gains and losses amounted to a loss of HK\$92 million, comprising exchange losses of HK\$431 million and gains on disposal of right-of-use assets and property, plant and equipment of HK\$202 million. Exchange losses mainly arises from RMB loans obtained by the Company in Hong Kong. Although cash flows are in line with the income of the Group, the appreciation of the exchange rate of RMB against HKD has resulted in book loss in the financial statements denominated in HKD.

### Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for 2021 amounted to HK\$5,479 million, representing a decrease of HK\$8,614 million or 61.1% from HK\$14,093 million for 2020. The decrease in operating profit was mainly due to a significant increase in average unit fuel cost of the subsidiary coal-fired power plants, which offset (1) year-on-year increases in the net generation volume and on-grid tariff (exclusive of tax) of the subsidiary coal-fired power plants; (2) profit contribution from newly commissioned renewable energy projects; and (3) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD.

### Finance costs

Finance costs for 2021 amounted to HK\$3,760 million, representing an increase of HK\$338 million or 9.9% from HK\$3,422 million in 2020, mainly due to (1) an increase in line of credit; (2) commissioning of power generation units, resulting in an increase in finance costs; and (3) the appreciation of RMB against HKD, resulting in a year-on-year increase of the figures presented in HKD, which offset the effect of a decrease in average borrowing interest rate.

	2021 HK\$'000	2020 HK\$'000
Interests on borrowings	3,937,288	3,567,921
Interests on corporate bonds and notes	403,410	412,389
Interests on loans from related parties	51,377	145,560
Interests on lease liabilities	25,895	49,801
Others	58,940	54,824
	<u>4,476,910</u>	<u>4,230,495</u>
Less: Interest capitalised in construction in progress	(717,122)	(808,201)
	<u><u>3,759,788</u></u>	<u><u>3,422,294</u></u>

## Share of results of associates

Share of results of associates for 2021 amounted to HK\$241 million, representing a decrease of HK\$314 million or 56.5% from HK\$555 million for 2020, mainly due to a decrease in the profit of coal-fired power associates resulting from an increase in fuel costs.

## Share of results of joint ventures

Share of results of joint ventures for 2021 was a loss of HK\$119 million, mainly due to the loss incurred by coal-fired power joint ventures resulting from an increase in fuel costs, as compared to the profit of HK\$244 million for 2020.

## Income tax expenses

Income tax expenses for 2021 amounted to HK\$958 million, representing a decrease of HK\$1,836 million or 65.7% from HK\$2,794 million for 2020, mainly due to a profit decrease of subsidiary coal-fired power plants, resulting in the decreases in income tax expenses.

Details of the income tax expenses for the years ended 31 December 2021 and 2020 are set out below:

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Current income tax – PRC Enterprise Income Tax	1,177,209	2,932,795
Deferred income tax	<u>(219,673)</u>	<u>(138,801)</u>
	<u><u>957,536</u></u>	<u><u>2,793,994</u></u>

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

PRC Enterprise Income Tax has been calculated based on the estimated assessable profits in accordance with the relevant tax rates applicable to the subsidiaries in the PRC.

## Operating profit for the year

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
– Fees	1,880	1,880
– Salaries and bonus	18,504	8,203
– Pension costs	484	357
	<u>20,868</u>	<u>10,440</u>
Wages, salaries and bonus	5,307,167	4,653,186
Pension costs – retirement benefit schemes	1,015,849	1,129,882
Termination benefit costs	10,658	207,374
	<u>6,354,542</u>	<u>6,000,882</u>
Total staff costs		
Auditor's remuneration	12,447	13,216
Cost of inventories recognised as expenses	59,758,988	33,538,099
Depreciation and amortisation	14,597,585	11,712,737
Impairment charges	432,674	599,893
	<u>75,303,733</u>	<u>57,193,832</u>
And after adding the following items:		
Dividend income from FVOCI investee companies	106,600	125,760
Government grant	704,137	529,191
Interest income	300,601	348,549
Sales of scrap materials and by-product	1,193,457	1,113,151
Net foreign exchange gains (included in other gains and losses)	(431,217)	(878,392)
Gains on disposal of subsidiaries	(761)	1,736
Gains on disposal of a joint venture	61,161	–
Gains on disposal of associates	–	4,891
Gains (losses) on disposal of property, plant and equipment (included in other gains and losses)	70,697	(215,224)
Gains on disposal of right-of-use assets (included in other gains and losses)	131,247	27,582
	<u>1,073,154</u>	<u>1,013,093</u>
Expenses capitalised in construction in progress:		
Other staff costs	327,771	547,703
Pension costs	51,133	28,211
Depreciation and amortisation	48,574	140,324
	<u>427,478</u>	<u>716,238</u>

## Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company decreased from approximately HK\$7,583 million in 2020 to approximately HK\$1,593 million in 2021, representing a year-on-year decrease of 79.0%.

## Earnings per share

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>1,592,752</u>	<u>7,582,668</u>
	<b>Number of ordinary shares</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares in issue	<u>4,810,443,740</u>	<u>4,810,443,740</u>
	<b>2021</b> <i>HK\$</i>	<b>2020</b> <i>HK\$</i>
Basic earnings per share	<u>0.33</u>	<u>1.58</u>



## Final dividend and closure of register of members

The Board has resolved to recommend a final dividend of HK\$0.045 per share for 2021 (2020: HK\$0.406 per share).

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends distributed during the year:		
2021 Interim, paid-HK\$0.25 per share (2020: HK\$0.225 per share)	1,202,609	1,082,350
2020 Final, paid-HK\$0.406 per share (2019: HK\$0.348 per share)	<u>1,953,040</u>	<u>1,674,034</u>
	<u>3,155,649</u>	<u>2,756,384</u>
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2021 of HK\$0.045 (2020: HK\$0.406) per share	<u>216,470</u>	<u>1,953,040</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 7 June 2022 (the “2022 AGM”), the proposed final dividend will be distributed on Friday, 22 July 2022 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 13 June 2022.

The 2021 final dividend will be paid in Hong Kong dollars to each shareholder. However, shareholders may elect to receive the 2021 final dividend in Renminbi in cash.

Shareholders may elect to receive the entire 2021 final dividend at the average benchmark rate of Hong Kong dollars against Renminbi as published by the People’s Bank of China for the five business days preceding the date of the 2022 AGM (i.e. 7 June 2022) (including the date of the 2022 AGM), but not part thereof, except that HKSCC Nominees Limited may elect to receive part of its final dividend in Renminbi. Details of the dividend currency election will be set out in a circular to be sent to shareholders by the Company in late April 2022 and the dividend currency election form will be sent to shareholders as soon as possible after the 2022 AGM.

For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 1 June 2022 to Tuesday, 7 June 2022 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the 2022 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 31 May 2022.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2021, the register of members of the Company will be closed on Monday, 13 June 2022 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 10 June 2022.

### **Capital structure management**

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

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

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

### **Liquidity and financial resources, borrowings, and charge of assets**

At 31 December 2021, the Group had net current liabilities of HK\$14,119 million. The Directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due for the coming twelve months from the balance sheet date. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The cash and cash equivalents as at 31 December 2021 denominated in local currency and foreign currencies amounted to HK\$106 million, RMB6,396 million and US\$0.4862 million and a small amount of GBP.

Bank and other borrowings of the Group as at 31 December 2021 and 2020 are as follows:

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Secured bank loans	2,936,822	2,691,834
Unsecured bank loans	116,019,015	85,555,153
Corporate bonds	9,540,102	14,020,288
Loans from related parties	6,251,763	5,951,763
	<u>134,747,702</u>	<u>108,219,038</u>

The bank borrowings were repayable as follows:

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Within 1 year	17,314,928	14,216,988
More than 1 year and within 2 years	31,608,528	5,588,716
More than 2 years and within 5 years	20,903,130	35,615,084
Over 5 years	49,129,251	32,826,199
	<u>118,955,837</u>	<u>88,246,987</u>

The corporate bonds and notes were repayable as follows:

	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	5,870,832	5,940,800
More than 1 year and within 2 years	2,446,180	5,703,168
More than 2 years and within 5 years	1,223,090	2,376,320
	<u>9,540,102</u>	<u>14,020,288</u>

The above bank and other borrowings are secured by:

Pledge of assets	<u>3,200,855</u>	<u>2,141,512</u>
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*Note:* Certain bank loans were secured by the Group's buildings, power generating plants and equipment with carrying value of HK\$2,437,553,000 (2020: HK\$797,395,000) and HK\$763,302,000 (2020: HK\$1,344,117,000) respectively.

Bank and other borrowings as at 31 December 2021 denominated in local currency and foreign currencies amounted to HK\$26,122 million, RMB87,614 million, GBP129 million and USD10.3538 million respectively.

As at 31 December 2021, bank and other borrowings of HK\$26,122 million, GBP129 million and USD10.3538 million (2020: HK\$23,848 million, GBP136 million and USD3.61 million) bore interest at a range from HIBOR plus 0.55% to HIBOR plus 1.03% per annum, LIBOR plus 0.89% per annum, and SONIA plus credit-adjusted spread for the applicable interest period plus 0.98% per annum, and USD borrowings at a rate of 2.42% per annum. The remaining bank and other borrowings carried interest rates at a range from 2.35% to 4.90% (2020: 1.85% to 4.90%) per annum.

As at 31 December 2021, the ratio of the Group's net debt to shareholders' equity was 143.3%, and total debt to total capitalisation was 55.7%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2021, the Group's primary sources of funding included new bank borrowings, proceeds from disposal of subsidiaries, proceeds from disposal of a joint venture, dividend income, issuance of corporate bonds and net cash inflow from operating activities, which amounted to HK\$55,674 million, HK\$4,851 million, HK\$369 million, HK\$564 million, HK\$1,207 million and HK\$7,400 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, redemption of corporate bonds, acquisition of property, plant and equipment and right-of-use assets, interest and dividend payments, which amounted to HK\$27,753 million, HK\$6,042 million, HK\$25,118 million, HK\$3,988 million and HK\$3,637 million, respectively.

## Trade receivables

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
Trade receivables from contracts with customers		
Accounts receivable	29,397,906	19,435,085
Notes receivable	438,236	1,002,828
	<u>29,836,142</u>	<u>20,437,913</u>
Less: loss allowance for trade receivables	(45,068)	(75,095)
	<u>29,791,074</u>	<u>20,362,818</u>

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

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
0-30 days	13,396,411	8,990,210
31-60 days	1,020,802	1,106,344
Over 60 days	15,418,929	10,341,359
	<u>29,836,142</u>	<u>20,437,913</u>

## Trade payables

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

	<b>2021</b> <i>HK\$'000</i>	<b>2020</b> <i>HK\$'000</i>
0-30 days	5,168,345	4,092,339
31-90 days	2,879,972	3,392,367
Over 90 days	3,145,167	1,643,035
	<u>11,193,484</u>	<u>9,127,741</u>

Average credit term for purchase of goods is 90 days.

## Key financial ratios of the Group

	<b>2021</b>	<b>2020</b>
Current ratio ( <i>times</i> )	0.79	0.62
Quick ratio ( <i>times</i> )	0.69	0.58
Net debt to shareholders' equity ratio (%)	143.3	119.9
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	4.6	6.7

Current ratio	=	balance of current assets at the end of the year/balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year-balance of inventories at the end of the year)/balance of current liabilities at the end of the year
Net debt to shareholders' equity ratio	=	(balance of borrowings at the end of the year-balance of cash and cash equivalents at the end of the year-balance of pledged cash at the end of the year)/balance of equity attributable to owners of the Company at the end of the year
EBITDA interest coverage	=	(profit before taxation + interest expenses + depreciation and amortisation)/interest expenses (including capitalised interests)

*Note:*

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

## Foreign exchange risk

The Group collects substantially all of its revenue in RMB and most of the Group's expenditures, including expenditure incurred in its operations as well as capital expenditure, are also denominated in RMB. Dividends receivable from the subsidiaries and associates are collected in RMB, HKD and Great Britain Pounds ("GBP").

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

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

In addition, given there are different functional currencies within the Group, there is still foreign exchange risk which arises from the transactions and balances within the Group even after intragroup eliminations. The carrying amounts of foreign currency denominated monetary assets and monetary liabilities before elimination as at 31 December 2021 are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Assets</b>		
USD	3,567	738
RMB	14,445,349	14,415,100
HKD	193	96
GBP	967	10
	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>		
RMB	10,371,803	7,723,040
GBP	1,354,005	1,439,519
USD	80,728	27,955
EUR	11,699	13,233
	<u>                    </u>	<u>                    </u>

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

## **Events after the balance sheet date**

The Group's renewable energy business adopted the same depreciation policy as the thermal power business. The estimated useful lives for the power generating plants and equipment of wind power and photovoltaic power were set at 18 years, with the estimated nil residual value using straight-line depreciation method. Upon recent assessment carried out by the management taking into account past operating experience with the combination of actual usage of relevant assets and considering market practice by taking reference from major operators in China's power industry, the Board approved the resolution that the estimated useful lives of the power generating plants and equipment of wind power and photovoltaic power should be adjusted from 18 years to 20 years, without adjusting the estimated residual value. The revised estimation would take effect from 1 January 2022.

Based on the Group's carrying amount of the relevant fixed assets for wind power and photovoltaic power projects in operation as at 31 December 2021, the annual depreciation would have decreased by HK\$648 million and segment profit of the renewable energy segment would have increased by the same amount.

## **Contingent liabilities**

As at 31 December 2021, the Group provided certain guarantees amounting to HK\$389,491,000 (31 December 2020: HK\$378,367,000) to an associate.

In addition, there were certain pending litigations and claims against the Group. After consulting with legal counsels, the Directors are of the view that the likelihood of any material adverse financial impact on the Group is remote, and no further provisions need to be made in respect of such litigations and claims.

## **Employees**

The Group had 21,252 employees as at 31 December 2021 (2020: 21,611 employees).

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

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

During the year ended 31 December 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the financial year.



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

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

## **AUDITOR AND THE AUDIT AND RISK COMMITTEE**

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by the Company’s auditor, Messrs. Deloitte Touche Tohmatsu. An unqualified auditor’s report will be included in the Annual Report for dispatch to shareholders. The Audit and Risk Committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2021.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been agreed by the Company’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts as set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of annual results for the year ended 31 December 2021 does not constitute a part of the Company’s statutory annual financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows: The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 under the Hong Kong Companies Ordinance (Cap.622). The Company will deliver the financial statements for the year ended 31 December 2021 to the Registrar of Companies in due course.

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

## **PUBLIC FLOAT**

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

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for 2022 will be held on 7 June 2022 in Hong Kong.

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

Hong Kong, 16 March 2022

*As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. LIU Guixin and Mr. CHEN Guoyong; three executive directors, namely Mr. SHI Baofeng, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; and four independent non-executive directors, namely Ms. LEUNG Oi-sie, Elsie, Dr. CH'IEN Kuo-fung, Raymond, Mr. SO Chak Kwong, Jack and Mr. YANG Yuchuan.*