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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

Results Announcement for Year 2020

The board of directors (the “**Board**”) of China Power International Development Limited (the “**Company**”) is pleased to announce the audited financial results of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”) for the year ended 31 December 2020.

Financial Highlights

	Year ended 31 December		
	2020	2019	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue	28,427,721	27,763,287	2.39
Profit for the year	2,925,551	2,201,150	32.91
Profit attributable to equity holders of the Company	1,708,305	1,284,381	33.01
	<i>RMB</i>	<i>RMB</i>	%
Basic earnings per share	0.17	0.13	30.77
Proposed final dividend	0.13	0.13	-
	<i>MWh</i>	<i>MWh</i>	%
Total power generation	91,902,510	87,134,871	5.47
Total electricity sold	88,255,525	83,558,993	5.62

- The increase in revenue and profit were mainly attributable to (i) the significant increase in profit from hydropower segment, (ii) the revenue and profits contributed by the new clean energy project companies of wind and photovoltaic power generation, and (iii) the decrease in unit fuel cost of coal-fired power during the year under review.
- As at 31 December 2020, the Group’s attributable installed capacity in hydropower, wind power, photovoltaic power and natural gas power increased by 373.7MW, 455.0MW, 916.2MW and 138.6MW respectively as compared to 2019 which raised the proportion of clean energy attributable installed capacity by 3.77 percentage points from the previous year.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		Year ended 31 December	
	Notes	2020	2019
		RMB'000	RMB'000
Revenue	2	28,427,721	27,763,287
Other income	3	284,102	278,707
Fuel costs		(10,876,072)	(11,658,028)
Depreciation		(5,321,494)	(4,817,832)
Staff costs		(2,943,297)	(2,454,040)
Repairs and maintenance		(777,669)	(764,128)
Consumables		(347,277)	(373,255)
Other gains and losses, net	4	53,502	6,903
Other operating expenses	5	(2,127,656)	(2,500,275)
Operating profit	6	6,371,860	5,481,339
Finance income	7	330,352	148,526
Finance costs	7	(3,203,698)	(3,165,881)
Share of results of associates		283,952	224,704
Share of results of joint ventures		43,661	25,475
Profit before taxation		3,826,127	2,714,163
Income tax expense	8	(900,576)	(513,013)
Profit for the year		2,925,551	2,201,150
Attributable to:			
Equity holders of the Company		1,708,305	1,284,381
Non-controlling interests		1,217,246	916,769
		2,925,551	2,201,150
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
- Basic and diluted	9	0.17	0.13
Dividends		1,274,895	1,274,895

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	<u>2,925,551</u>	<u>2,201,150</u>
Other comprehensive income:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value (loss)/gain on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	(240,003)	58,435
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Fair value (loss)/gain on debt instruments at FVTOCI, net of tax	<u>(5,090)</u>	<u>733</u>
Other comprehensive (expense)/income for the year, net of tax	<u>(245,093)</u>	<u>59,168</u>
Total comprehensive income for the year	<u><u>2,680,458</u></u>	<u><u>2,260,318</u></u>
Attributable to:		
Equity holders of the Company	1,461,954	1,321,616
Non-controlling interests	<u>1,218,504</u>	<u>938,702</u>
Total comprehensive income for the year	<u><u>2,680,458</u></u>	<u><u>2,260,318</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	
	Notes	2020	2019
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	112,954,766	99,044,926
Right-of-use assets		6,260,964	6,685,104
Prepayments for construction of power plants		3,373,851	5,155,703
Goodwill		1,102,615	1,187,214
Other intangible assets	11	989,673	1,054,130
Interests in associates		3,205,222	2,780,410
Interests in joint ventures		1,027,782	550,774
Equity instruments at FVTOCI		3,061,952	3,362,808
Deferred income tax assets		874,210	719,142
Restricted deposits		9,257	11,800
Other non-current assets		4,982,454	6,758,646
		<u>137,842,746</u>	<u>127,310,657</u>
Current assets			
Inventories		697,615	689,862
Accounts receivable	12	7,285,981	3,412,791
Prepayments, deposits and other receivables		2,562,193	2,282,625
Amounts due from related parties		1,739,484	506,557
Tax recoverable		64,651	82,283
Debt instruments at FVTOCI		428,856	112,418
Restricted deposits		26,136	27,250
Cash and cash equivalents		1,316,351	1,238,290
		<u>14,121,267</u>	<u>8,352,076</u>
Assets associated with disposal groups classified as held for sale	13	<u>3,984,658</u>	<u>4,626,965</u>
Total assets		<u>155,948,671</u>	<u>140,289,698</u>

		As at 31 December	
	<i>Notes</i>	2020	2019
		RMB'000	RMB'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		17,268,192	17,268,192
Other equity instruments	14	3,015,740	-
Reserves		13,113,875	13,051,883
		<hr/>	<hr/>
		33,397,807	30,320,075
Non-controlling interests		12,392,110	14,813,134
		<hr/>	<hr/>
Total equity		45,789,917	45,133,209
		<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
Non-current liabilities			
Deferred income		64,586	70,722
Bank borrowings		45,359,108	22,547,366
Borrowings from related parties	15	12,122,460	26,444,744
Other borrowings	16	2,100,000	4,000,000
Lease liabilities	17	3,337,342	3,740,809
Deferred income tax liabilities		1,916,206	1,743,183
Provisions for other long-term liabilities	18	1,868,610	1,074,477
Other non-current liabilities		112,575	-
		<hr/>	<hr/>
		66,880,887	59,621,301
		<hr/> <hr/>	<hr/> <hr/>

		As at 31 December	
	<i>Notes</i>	2020	2019
		RMB'000	RMB'000
Current liabilities			
Accounts and bills payables	19	993,897	874,076
Construction costs payable		6,777,670	6,172,925
Other payables and accrued charges		2,109,049	1,678,192
Amounts due to related parties		1,874,152	1,680,820
Bank borrowings		21,212,428	11,333,147
Borrowings from related parties	15	2,827,210	9,292,725
Other borrowings	16	3,930,000	528,000
Lease liabilities	17	543,387	681,477
Tax payable		288,401	195,600
		40,556,194	32,436,962
Liabilities associated with disposal groups classified as held for sale			
	13	2,721,673	3,098,226
Total liabilities		110,158,754	95,156,489
Total equity and liabilities		155,948,671	140,289,698
Net current liabilities		25,171,942	22,556,147
Total assets less current liabilities		112,670,804	104,754,510

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cash flows from operating activities		
Net cash generated from operating activities	5,501,876	5,158,172
Cash flows from investing activities		
Payments for property, plant and equipment and prepayments for construction of power plants	(16,168,221)	(15,200,682)
Payments for right-of-use assets	(90,072)	(386,454)
Proceeds from disposal of property, plant and equipment and right-of-use assets	285,794	168,238
Net cash inflow/(outflow) on acquisitions of subsidiaries	146,941	(753,275)
Net cash inflow on disposal of subsidiaries	5,653	-
Proceeds from disposal of a joint venture	8,013	-
Acquisition of an associate	(38,456)	-
Acquisition of a joint venture	(32,246)	(55,340)
Capital injections to associates, a joint venture and equity instruments at FVTOCI	(199,710)	(248,000)
Repayment from related parties	-	250,350
Dividends received	272,204	275,108
Interest received	47,988	148,526
Increase in restricted deposits	(12,944)	(25,215)
Decrease in restricted deposits	6,601	9,857
Net cash used in investing activities	(15,768,455)	(15,816,887)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cash flows from financing activities		
Drawdown of bank borrowings	23,950,312	18,845,076
Drawdown of borrowings from related parties	26,023,327	30,267,255
Drawdown of other borrowings	2,030,000	2,503,000
Contributions from non-controlling shareholders	491,680	966,650
Acquisition of non-controlling interests	(3,000,000)	-
Issuance of perpetual medium-term notes	3,000,000	-
Proceeds from disposal of interests in subsidiaries without loss of control	-	531,066
Repayment of bank borrowings	(18,111,858)	(16,366,591)
Repayment of borrowings from related parties	(19,386,788)	(20,916,656)
Repayment of other borrowings	(528,000)	(1,000,000)
Payments for lease liabilities	(1,962,727)	(3,178,842)
Dividend paid	(1,271,921)	(1,079,241)
Dividends paid to non-controlling shareholders	(887,170)	(523,935)
	<u>10,346,855</u>	<u>10,047,782</u>
Net cash generated from financing activities		
Net increase/(decrease) in cash and cash equivalents	80,276	(610,933)
Cash and cash equivalents at 1 January	1,239,057	1,855,235
Exchange losses, net	(1,002)	(5,245)
Cash and cash equivalents at 31 December (note)	<u>1,318,331</u>	<u>1,239,057</u>

Note: Balance included those cash and cash equivalents of RMB1,980,000 (31 December 2019: RMB767,000) from disposal groups classified as held for sale.

General Information

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, a registered public entity auditor, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

The financial information relating to the years ended 31 December 2020 and 2019 included in this announcement of annual results 2020 do not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. The Company's auditor and then auditor have reported on the financial statements of the Group for the years ended 31 December 2020 and 2019 respectively. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Notes to the Consolidated Financial Statements

1 Basis of preparation

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

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

(a) Application of new and amendments to HKFRSs

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions (early adopted)
Amendments to HKAS 1 and HKAS 8	Definition of Material

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

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

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

Amendments to HKFRS 3	Reference to the Conceptual Framework ⁽²⁾
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁽¹⁾
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾
HKFRS 17	Insurance Contracts ⁽³⁾
Amendments to HKFRS 17	Insurance Contracts ⁽³⁾⁽⁶⁾
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁽³⁾⁽⁵⁾
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁽²⁾
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁽²⁾
Annual Improvements to HKFRSs 2018-2020	to Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ⁽²⁾

- (1) Effective for annual periods beginning on or after 1 January 2021
- (2) Effective for annual periods beginning on or after 1 January 2022
- (3) Effective for annual periods beginning on or after 1 January 2023
- (4) No mandatory effective date yet determined but available for adoption
- (5) As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 “Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause” was revised in October 2020 to align the corresponding wording with no change in conclusion
- (6) As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

2 Turnover, revenue and segment information

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

	2020	2019
	RMB'000	RMB'000
Types of goods:		
Sales of electricity to regional and provincial power grid companies (note (a))	28,330,944	27,682,003
Provision of power generation (note (b))	96,777	81,284
	28,427,721	27,763,287
Timing of revenue recognition:		
At a point in time	28,427,721	27,763,287

Notes:

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

Segment information

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

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

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

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

	Year ended 31 December 2020					
	Coal-fired electricity RMB'000	Hydropower electricity RMB'000	Wind power electricity RMB'000	Photovoltaic power electricity RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue						
Sales of electricity	17,659,169	5,960,123	2,013,996	2,697,656	-	28,330,944
Provision of power generation	49,261	12,311	-	35,205	-	96,777
	<u>17,708,430</u>	<u>5,972,434</u>	<u>2,013,996</u>	<u>2,732,861</u>	<u>-</u>	<u>28,427,721</u>
Segment results	1,610,253	2,912,828	1,055,645	1,165,410	-	6,744,136
Unallocated income	-	-	-	-	196,864	196,864
Unallocated expenses	-	-	-	-	(569,140)	(569,140)
Operating profit/(loss)	1,610,253	2,912,828	1,055,645	1,165,410	(372,276)	6,371,860
Finance income	10,903	1,087	60,804	199,472	58,086	330,352
Finance costs	(1,055,942)	(901,032)	(406,044)	(783,676)	(57,004)	(3,203,698)
Share of results of associates	213,528	-	1,387	18,066	50,971	283,952
Share of results of joint ventures	38,111	-	7,169	(2,081)	462	43,661
Profit/(loss) before taxation	816,853	2,012,883	718,961	597,191	(319,761)	3,826,127
Income tax expense	(294,084)	(468,441)	(43,231)	(56,648)	(38,172)	(900,576)
Profit/(loss) for the year	<u>522,769</u>	<u>1,544,442</u>	<u>675,730</u>	<u>540,543</u>	<u>(357,933)</u>	<u>2,925,551</u>
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants	3,902,112	1,747,182	6,902,048	5,486,785	231,133	18,269,260
Depreciation of property, plant and equipment	1,881,220	1,529,490	686,351	778,156	59,939	4,935,156
Depreciation of right-of-use assets	130,876	37,766	13,992	164,744	38,960	386,338
Amortization of other intangible assets	-	-	-	55,050	-	55,050
(Gain)/loss on disposal of property, plant and equipment, net	(1,716)	(596)	5,580	(10,695)	5,313	(2,114)
Impairment of property, plant and equipment	27,309	2,327	1,714	-	-	31,350
Impairment of goodwill	-	84,599	-	-	-	84,599
Impairment of a disposal group classified as held for sale	587,327	-	-	-	-	587,327
Reversal of impairment of other receivables	(3,243)	-	-	-	-	(3,243)

As at 31 December 2020

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

Year ended 31 December 2019

	Coal-fired electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue						
Sales of electricity	18,380,670	5,668,352	1,595,328	2,037,653	-	27,682,003
Provision of power generation	25,890	17,766	-	37,628	-	81,284
	<u>18,406,560</u>	<u>5,686,118</u>	<u>1,595,328</u>	<u>2,075,281</u>	<u>-</u>	<u>27,763,287</u>
Segment results						
Unallocated income	-	-	-	-	203,831	203,831
Unallocated expenses	-	-	-	-	(514,081)	(514,081)
Operating profit/(loss)						
Finance income	9,747	18,264	20,290	65,367	34,858	148,526
Finance costs	(1,243,476)	(998,136)	(326,576)	(564,045)	(33,648)	(3,165,881)
Share of results of associates	161,719	-	-	18,682	44,303	224,704
Share of results of joint ventures	19,723	-	-	15	5,737	25,475
Profit/(loss) before taxation						
Income tax (expense)/credit	818,122	1,015,945	509,779	629,317	(259,000)	2,714,163
	<u>(264,502)</u>	<u>(316,238)</u>	<u>4,791</u>	<u>(12,003)</u>	<u>74,939</u>	<u>(513,013)</u>
Profit/(loss) for the year						
	<u>553,620</u>	<u>699,707</u>	<u>514,570</u>	<u>617,314</u>	<u>(184,061)</u>	<u>2,201,150</u>
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Capital expenditure						
- Property, plant and equipment, right-of-use assets and prepayments for construction of power plants						
	3,791,184	1,358,937	7,280,571	3,296,806	145,825	15,873,323
Depreciation of property, plant and equipment						
	1,869,215	1,446,198	595,864	540,272	20,643	4,472,192
Depreciation of right-of-use assets						
	127,611	6,503	13,204	164,626	33,696	345,640
Amortization of other intangible assets						
	-	-	-	50,884	-	50,884
Loss/(gain) on disposal of property, plant and equipment, net						
	60,764	(6,590)	17,800	-	194	72,168
Impairment of property, plant and equipment						
	-	393,989	18,410	14,000	-	426,399
Impairment of a disposal group/assets classified as held for sale						
	85,521	80,920	-	-	-	166,441
Impairment of an amount due from a joint venture						
	-	261,300	-	-	-	261,300
(Reversal)/provision of impairment of other receivables						
	<u>(5,418)</u>	<u>14,531</u>	<u>2,041</u>	<u>1,543</u>	<u>16,409</u>	<u>29,106</u>

As at 31 December 2019

	Coal-fired electricity	Hydropower electricity	Wind power electricity	Photovoltaic power electricity	Unallocated	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets						
Other segment assets	39,779,154	38,663,618	23,527,396	23,100,487	-	125,070,655
Assets associated with a disposal group classified as held for sale	4,626,965	-	-	-	-	4,626,965
Goodwill	67,712	872,865	-	246,637	-	1,187,214
Interests in associates	2,194,187	12,000	-	137,012	437,211	2,780,410
Interests in joint ventures	410,092	-	-	55,477	85,205	550,774
	<u>47,078,110</u>	<u>39,548,483</u>	<u>23,527,396</u>	<u>23,539,613</u>	<u>522,416</u>	<u>134,216,018</u>
Equity instruments at FVTOCI						3,362,808
Deferred income tax assets						719,142
Other unallocated assets						<u>1,991,730</u>
Total assets per consolidated statement of financial position						<u><u>140,289,698</u></u>
Segment liabilities						
Other segment liabilities	(4,718,299)	(3,426,553)	(3,213,380)	(4,014,102)	-	(15,372,334)
Liabilities associated with a disposal group classified as held for sale	(3,098,226)	-	-	-	-	(3,098,226)
Borrowings	(24,259,123)	(24,588,153)	(10,273,821)	(9,643,166)	(5,381,719)	(74,145,982)
	<u>(32,075,648)</u>	<u>(28,014,706)</u>	<u>(13,487,201)</u>	<u>(13,657,268)</u>	<u>(5,381,719)</u>	<u>(92,616,542)</u>
Deferred income tax liabilities						(1,743,183)
Tax payable						(195,600)
Other unallocated liabilities						<u>(601,164)</u>
Total liabilities per consolidated statement of financial position						<u><u>(95,156,489)</u></u>

All revenue from external customers is generated from the PRC. As at 31 December 2020, except for cash and bank balances equivalent to RMB257,287,000 (2019: RMB227,041,000) which were deposited with certain banks in Hong Kong, substantially all of the Group's assets, liabilities and capital expenditure were located or utilized in the PRC.

The Group's major customers are regional and provincial power grid companies. For the year ended 31 December 2020, the Group's external revenue amounting to RMB14,764,865,000 (2019: RMB17,690,517,000) was generated from three (2019: four) major customers, each of which accounted for 10% or more of the Group's external revenue.

For the year ended 31 December 2020, major customers who accounted for 10% or more of the Group's external revenue are as follows:

<u>Major Customers</u>	<u>Proportion in approximate</u>	<u>Segments</u>
Customer A	20%	Hydropower electricity, Wind power electricity and Photovoltaic power electricity
Customer B	19%	Coal-fired electricity
Customer C	13%	Coal-fired electricity and Photovoltaic power electricity

3 Other income

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Rental income	5,528	7,289
Hotel operations income	4,864	23,943
Income from provision of repairs and maintenance services	91,133	78,077
Dividend income	47,228	124,745
Income from provision of IT and other services	130,433	27,892
Compensation income	-	12,572
Others	4,916	4,189
	<u>284,102</u>	<u>278,707</u>

4 Other gains and losses, net

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amortization of deferred income	21,643	5,977
Government subsidies	18,546	15,361
Gain/(loss) on disposal of property, plant and equipment, net	2,114	(72,168)
Gain on disposal of subsidiaries (pre-tax)	29,343	51
Sales of unused power production quota	202,279	333,806
Gain on disposal of a joint venture	1,192	-
Profits on sales of heat, trading of coal, coal by-products, spare parts and others	351,631	209,902
Gain on previously held equity interest remeasured at acquisition date fair value	17,227	-
Impairment of property, plant and equipment (Notes 10 and 13)	(31,350)	(426,399)
Impairment of a disposal group/assets classified as held for sale (note)	(587,327)	(166,441)
Profits on trading of electricity	36,817	68,196
Gain on bargain purchase	-	24,305
Impairment of goodwill	(84,599)	-
Others	75,986	14,313
	<u>53,502</u>	<u>6,903</u>

Note: For the year ended 31 December 2020, the amount included the impairment of RMB587,327,000 (2019: RMB85,521,000) for China Power Shentou Power Generating Company Limited* (中電神頭發電有限責任公司) (“CP Shentou”) as disclosed in Note 13. Comparative figure also included an impairment of RMB80,920,000 in relation to certain electricity transmission assets classified as held for sale before the completion of the disposal for the year ended 31 December 2019.

5 Other operating expenses

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amortization of other intangible assets	55,050	50,884
Research and development expenses	108,541	77,729
Lease expenses	37,343	22,371
Separation and transfer expenses on water/power/gas supply and property management (note)	67,200	209,882
(Reversal)/provision of impairment of an amount due from a joint venture and other receivables	(3,243)	290,406
Reservoir maintenance and usage fees	84,200	135,241
Power and heat generation costs	793,646	595,922
Cost of purchase of unused power production quota	13,594	74,690
Administrative and selling related expenses	414,919	561,197
Taxes and surcharges	345,252	316,761
Others	211,154	165,192
	<u>2,127,656</u>	<u>2,500,275</u>

Note:

In accordance with the Notice of the Office of the State Council on the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance Regarding the Guidelines Related to the Separation and Transfer of “Water/Power/Gas Supply and Property Management” in the Employee Living Areas of the State-owned Enterprises (Guo Ban Fa [2016] No. 45) (《國務院辦公廳轉發國務院國資委、財政部關於國有企業職工家屬區「三供一業」分離移交工作指導意見的通知》(國辦發[2016]第45號)), the Group separated its functions of water, power and heat (gas) supply and property management in the employee living areas of the Group and transferred to professional enterprise or institution for socialized management. The expenses arising from the separation and transfer of water/power/gas supply and property management of the Group amounting to RMB67,200,000 (2019: RMB209,882,000) were charged to profit and loss.

6 Operating profit

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amortization of other intangible assets	55,050	50,884
Auditor's remuneration	6,962	8,217
Research and development expenses	108,541	77,729
Depreciation:		
- property, plant and equipment	4,935,156	4,472,192
- right-of-use assets	386,338	345,640
Lease expenses:		
- equipment	12,049	3,588
- leasehold land and buildings	25,294	18,783
Separation and transfer expenses on water/power/gas supply and property management	67,200	209,882
(Reversal)/provision of impairment of an amount due from a joint venture and other receivables	(3,243)	290,406
Reservoir maintenance and usage fees	84,200	135,241
Cost of purchase of unused power production quota	13,594	74,690
	<u>2,127,656</u>	<u>2,500,275</u>

7 Finance income and finance costs

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Finance income		
Interest income from bank deposits	14,826	15,526
Interest income from related parties	33,162	36,247
Interest income from discounting effect on clean energy power price premium receivable (Note 12(b))	282,364	96,753
	<u>330,352</u>	<u>148,526</u>
Finance costs		
Interest expense on		
- bank borrowings	1,810,077	1,469,160
- borrowings from related parties	1,648,610	1,513,267
- other borrowings	214,508	125,573
- amounts due to related parties	6,867	3,812
- lease liabilities	178,577	291,155
- provisions for other long-term liabilities (Note 18)	103,969	91,809
	<u>3,962,608</u>	<u>3,494,776</u>
Less: amounts capitalized to property, plant and equipment	(570,148)	(394,012)
	<u>3,392,460</u>	<u>3,100,764</u>
Exchange (gain)/loss, net	(188,762)	65,117
	<u>3,203,698</u>	<u>3,165,881</u>

The weighted average interest rate on capitalized borrowings is approximately 4.34% (2019: 4.37%) per annum.

8 Income tax expense

No Hong Kong profits tax has been provided for as the Group did not have any estimated assessable profits arising in Hong Kong for the year ended 31 December 2020 (2019: Nil).

The provision for PRC current income tax was calculated based on the statutory tax rate of 25% (2019: 25%) on the estimated assessable profits for the year except that certain subsidiaries were either exempted from PRC Enterprise Income Tax or entitled to the preferential tax rates of 7.5%, 12.5% or 15% (2019: 7.5%, 12.5% or 15%).

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

	2020	2019
	RMB'000	RMB'000
PRC current income tax		
Charge for the year	736,179	631,877
(Over)/under provision in prior years	(32,401)	4,160
	703,778	636,037
Deferred income tax		
Charge/(credit) for the year	196,798	(123,024)
	900,576	513,013

Share of income taxation charge attributable to associates and joint ventures for the year ended 31 December 2020 of RMB77,609,000 (2019: RMB64,621,000) and RMB7,980,000 (2019: RMB5,579,000) respectively were included in the Group's share of results of associates and joint ventures respectively.

9 Earnings per share

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

	2020	2019
Profit for the year attributable to equity holders of the Company (RMB'000)	1,708,305	1,284,381
Profit for the year attributable to holders of other equity instruments (RMB'000)	(18,140)	-
Profit for the year attributable to ordinary shareholders of the Company used in the basic earnings per share calculation (RMB'000)	1,690,165	1,284,381
Weighted average number of shares in issue (shares in thousands)	9,806,886	9,806,886
Basic and diluted earnings per share (RMB) (note)	0.17	0.13

Note: The Group had no potentially dilutive ordinary shares outstanding during the year ended 31 December 2020 (2019: Nil).

10 Property, plant and equipment

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	99,044,926	90,091,404
Additions and transfer from prepayments (note)	19,750,707	11,977,678
Acquired on acquisitions of subsidiaries	780,112	714,296
Reclassified from right-of-use assets	1,751,981	1,896,374
Disposal of subsidiaries	(3,056,782)	-
Disposals	(416,767)	(955,233)
Reclassified to a disposal group classified as held for sale	(110,224)	-
Depreciation charged for the year	(4,935,156)	(4,472,192)
Impairment written off upon disposal	171,244	218,998
Impairment recognized for the year (Note 4)	(25,275)	(426,399)
	<u>112,954,766</u>	<u>99,044,926</u>
At 31 December	<u>112,954,766</u>	<u>99,044,926</u>

Note:

Additions included additions of dam of RMB775,305,000 (2019: RMB53,726,000) (Note 18) which were the recognition of provisions for inundation compensation caused by the construction of certain hydropower plants of the Group. These provisions were based on the review and assessment performed by the management to reflect the current best estimates at year end.

11 Other intangible assets

Other intangible assets represent the carrying amount of the favourable tariff contracts acquired on the acquisition of certain photovoltaic power companies. These intangible assets have finite useful lives and are amortized on a straight-line basis over the periods of 17 to 20 years (2019: 17 to 20 years).

12 Accounts receivable

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Accounts receivable from regional and provincial power grid companies (notes (a) and (b))	8,309,429	7,378,774
Accounts receivable from other companies (note (a))	14,691	16,866
	<u>8,324,120</u>	7,395,640
Notes receivable (note (d))	179,169	13,893
	<u>8,503,289</u>	<u>7,409,533</u>
Analyzed for reporting purpose as:		
- Non-current (included in other non-current assets) (note (b))	1,217,308	3,996,742
- Current	7,285,981	3,412,791
	<u>8,503,289</u>	<u>7,409,533</u>

Notes:

The analysis below included those accounts receivable in disposal groups classified as held for sale (Note 13) of RMB117,141,000 (2019: RMB152,005,000).

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Unbilled	1,217,308	4,419,540
1 to 3 months	7,223,953	3,128,105
	8,441,261	7,547,645

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

(b) As at 31 December 2020, accounts receivable from regional and provincial power grid companies included clean energy power price premium receivable of RMB1,217,308,000 which was unbilled and was stated after discounting.

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

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

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

Based on the above New Guidelines and their past experience, the directors estimated that there were no foreseeable obstacles that would lead to the application not being approved before entering into either the Subsidy Catalogue or the Subsidy List. It was expected that the Group's wind and photovoltaic power projects would be listed as qualified projects for tariff premium after 31 December 2021 (2019: obtained after 31 December 2020) and the corresponding premium receivables were estimated to be recovered after twelve months from the reporting date. Therefore, the directors considered the renewable energy electricity sales contract for projects before entering into the Subsidy Catalogue or the Subsidy List contains a significant financing component. For the year ended 31 December 2020, the respective clean energy power price premiums were adjusted for this financing component based on an effective interest rate of 4.75% (2019: 4.75%) per annum, and the Group's revenue was adjusted by RMB42,668,000 (2019: RMB259,392,000) and interest income amounting to RMB282,364,000 (2019: RMB96,753,000) (Note 7) was recognized.

- (c) In December 2020, accounts receivable amounting to RMB950,000,000 has been transferred to a single asset management plan set up by Shenwan Hongyuan Securities Co., Ltd. The directors consider that the Group neither transferred nor retained substantially all the risks and rewards of ownership of the accounts receivables and retained control of the underlying assets. And, the Group recognized the transferred assets to the extent of its continuing involvement of RMB112,575,000 (2019: Nil) as other non-current assets and the associated liabilities in other non-current liabilities as at 31 December 2020.
- (d) As at 31 December 2020, notes receivable were bank acceptance notes issued by third parties and were normally with a maturity period of 360 days (2019: 360 days).
- (e) As at 31 December 2020, certain bank borrowings, long-term borrowings from related parties (Note 15(b)) and certain lease liabilities were secured by the rights on accounts receivable of certain subsidiaries. The accounts receivable pledged under these debts as at 31 December 2020 amounted to RMB2,476,191,000 (2019: RMB3,760,170,000).

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

CP Shentou

During the year ended 31 December 2018, Shanxi Shentou Power Generating Company Limited* (山西神頭發電有限責任公司), a wholly-owned subsidiary of the Company, entered into a joint venture agreement to form Sujin Energy Holding Company Limited* (蘇晉能源控股有限公司) ("Sujin Energy"), an associate of the Group, in Shanxi Province of the PRC. And the Company would use its 80% equity interest in CP Shentou as part of the capital contribution to Sujin Energy. Accordingly, the assets and liabilities attributable to CP Shentou had been classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position as at 31 December 2018.

During the year ended 31 December 2019 and 2020, the abovementioned capital contribution has not yet completed due to certain events which were beyond the Group's control, including the outbreak of novel coronavirus (COVID-19). There have been epidemic preventive measures going on throughout Mainland China to cope with COVID-19 during the current year. Because the Group remains committed to the sale of CP Shentou, timely actions necessary to response to the unexpected conditions have been taken, a favourable resolution of the delaying factors was expected, and the transaction was highly probable to be completed within one year, the assets and liabilities attributable to CP Shentou continued to be classified as a disposal group held for sale and were separately presented in the consolidated statement of financial position. An impairment of asset classified as held for sale of RMB587,327,000 (2019: RMB85,521,000) (Note 4), being the difference of CP Shentou's fair value less costs to sell and its carrying amount as at 31 December 2020 (2019: 31 December 2019) and an impairment of property, plant and equipment of RMB6,075,000 (2019: Nil) (Note 4) were recognized as other losses in the consolidated income statement.

Sichuan Xingtie Electrical Equipment Co., Ltd.* (四川興鐵電氣設備有限公司) (“Sichuan Xingtie”)

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

In both years ended 31 December 2020 and 2019, the operation of CP Shentou was included in the Group’s “Coal-fired electricity” segment for segment reporting.

In the year ended 31 December 2020, the operation of Sichuan Xingtie was included in the Group’s “Hydropower electricity” segment for segment reporting.

14 Other equity instruments

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

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

15 Borrowings from related parties

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current		
Long-term borrowings from State Power Investment Corporation Limited* (“SPIC”) (note (a))	8,758,020	5,380,000
Long-term borrowings from SPIC Financial Company Limited* (“SPIC Financial”) (note (b))	3,759,840	3,328,000
Long-term borrowings from Industrial and Commercial Bank of China Limited (“ICBC”) and Agriculture Bank of China Limited (“ABC”) (note (c))	-	21,615,279
Long-term borrowings from other related parties (note (d))	584,600	50,000
	13,102,460	30,373,279
Less: Current portion of long-term borrowings from SPIC	(500,000)	(1,180,000)
Less: Current portion of long-term borrowings from SPIC Financial	(480,000)	(796,800)
Less: Current portion of long-term borrowings from ICBC and ABC	-	(1,951,735)
	12,122,460	26,444,744

Current

Short-term borrowings from SPIC (note (e))	900,000	1,100,000
Short-term borrowings from China Power International Holding Limited	-	550,000
Short-term borrowings from SPIC Financial (note (f))	300,000	550,000
Short-term borrowings from ICBC and ABC (note (g))	-	2,654,794
Short-term borrowings from other related parties (note (h))	647,210	509,396
Current portion of long-term borrowings from SPIC (note (a))	500,000	1,180,000
Current portion of long-term borrowings from SPIC Financial (note (b))	480,000	796,800
Current portion of long-term borrowings from ICBC and ABC (note (c))	-	1,951,735
	2,827,210	9,292,725
	14,949,670	35,737,469

Notes:

The analysis below included those borrowings from related parties in disposal groups classified as held for sale (Note 13) of RMB800,000,000 (2019: RMB1,492,000,000).

- (a) The long-term borrowings from SPIC were unsecured, interest bearing from 3.45% to 5.15% (2019: 2.94% to 5.15%) per annum and were wholly repayable within five years.
- (b) The long-term borrowings from SPIC Financial of RMB50,000,000 (2019: RMB7,000,000) were secured against the rights on accounts receivable of a subsidiary (Note 12(e)), interest bearing at 4.51% (2019: 4.41%) per annum. The remaining balances were unsecured and interest bearing from 3.50% to 5.23% (2019: 4.28% to 5.23%) per annum.
- (c) As at 31 December 2020, ICBC and ABC ceased to be the related parties of the Group due to their disposals of the equity interests in certain subsidiaries of the Group in 2020, and the Group's borrowings from ICBC and ABC were included in bank borrowings. As at 31 December 2019, RMB7,618,642,000 were secured against the rights on accounts receivable of certain subsidiaries (Note 12(e)), interest bearing from 4.41% to 4.90% per annum. RMB216,400,000 was guaranteed by a non-controlling shareholder, interest bearing at 4.90% per annum and RMB196,820,000 was secured against property, plant and equipment of certain subsidiaries, interest bearing from 4.41% to 4.90% per annum. The remaining balances were unsecured and interest bearing from 4.28% to 4.90% per annum.
- (d) As at 31 December 2020, the long-term borrowings from other related parties represent long-term borrowings from China Kangfu International Leasing Co., Ltd.* (中國康富國際租賃股份有限公司), a company controlled by SPIC which were unsecured, interest bearing from 4.66% to 5.95% per annum.
- (e) The short-term borrowings from SPIC as at 31 December 2020 were unsecured, interest bearing from 1.85% to 2.20% (2019: 2.20%) per annum and repayable within one year.
- (f) The short-term fixed-rate borrowings from SPIC Financial as at 31 December 2020 were unsecured, interest bearing from 3.92% to 4.34% (2019: 3.92% to 4.34%) per annum and repayable within one year.

- (g) As at 31 December 2020, ICBC and ABC ceased to be the related parties of the Group, and the Group's borrowings from ICBC and ABC were included in bank borrowings. As at 31 December 2019, the short-term borrowings from ICBC and ABC were unsecured, interest bearing from 3.91% to 5.50% per annum and repayable within one year.
- (h) The short-term borrowings from other related party as at 31 December 2020 was unsecured, interest bearing from 3.47 % to 3.75% (2019: 4.13% to 4.35%) per annum and repayable within one year.

16 Other borrowings

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current		
Medium-term notes issued by the Company (note (a))	4,000,000	4,000,000
Long-term other borrowing from a third party (note (b))	100,000	-
	<u>4,100,000</u>	<u>4,000,000</u>
Less: Current portion of medium-term notes issued by the Company	<u>(2,000,000)</u>	<u>-</u>
	<u>2,100,000</u>	<u>4,000,000</u>
Current		
Super & short-term commercial paper issued by a subsidiary (note (c))	1,000,000	-
Super & short-term commercial paper issued by the Company (note (d))	500,000	500,000
Short-term other borrowings from third parties (note (e))	430,000	28,000
Current portion of medium-term notes issued by the Company (note (a))	2,000,000	-
	<u>3,930,000</u>	<u>528,000</u>
	<u>6,030,000</u>	<u>4,528,000</u>

Notes:

- (a) The balance represented two unsecured RMB denominated medium-term notes, each of RMB2,000,000,000 issued by the Company in October 2018 and September 2019 respectively, for a term of three years, which were interest bearing at 4.15% and 3.55% per annum respectively. As at 31 December 2020, the medium-term note issued in October 2018 was classified and presented as current.
- (b) As at 31 December 2020, the balance was unsecured and interest bearing at 4.45% per annum.
- (c) As at 31 December 2020, the balance represented the unsecured RMB denominated super & short-term commercial paper issued by Wu Ling Power in August 2020 for a term of 270 days which was interest bearing at 2.50% per annum.
- (d) The balance represented an unsecured RMB denominated super & short-term commercial paper of RMB500,000,000 (2019: RMB500,000,000) issued by the Company in May 2020 (2019: September 2019) for a term of 270 days which was interest bearing at 2.00% (2019: 2.80%) per annum.
- (e) The balance was unsecured and interest bearing from 3.92 % to 4.35% (2019: 3.92% to 4.35%) per annum.

17 Lease liabilities

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Lease liabilities	3,880,729	4,422,286
Less: Current portion of lease liabilities	<u>(543,387)</u>	<u>(681,477)</u>
Non-current portion of lease liabilities	<u><u>3,337,342</u></u>	<u><u>3,740,809</u></u>

18 Provisions for other long-term liabilities

Provisions for other long-term liabilities represented provisions for inundation compensation caused by the construction of certain hydropower plants of the Group.

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

Analysis of the provisions for inundation compensation as at 31 December 2020 and 2019 is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current liabilities	1,868,610	1,074,477
Current liabilities (included in other payables and accrued charges)	<u>103,224</u>	<u>99,309</u>
	<u><u>1,971,834</u></u>	<u><u>1,173,786</u></u>

The movements of the provisions for inundation compensation for the years ended 31 December 2020 and 2019 are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At 1 January	1,173,786	1,141,901
Recognition during the year (note)	775,305	53,726
Interest expense (Note 7)	103,969	91,809
Payment	<u>(81,226)</u>	<u>(113,650)</u>
At 31 December	<u><u>1,971,834</u></u>	<u><u>1,173,786</u></u>

Note: During the current year, the Group reassessed the inputs used in the net present value model based on the current charges per unit of area and the growth rate of compensation, as well as the pre-tax discount rate applied to account for the time value of money and the risks specific to the compensations.

19 Accounts and bills payables

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable (note (a))	657,443	710,675
Bills payable (note (b))	336,454	163,401
	<hr/>	<hr/>
	993,897	874,076
	<hr/> <hr/>	<hr/> <hr/>

Notes:

The analysis below included those accounts and bills payable in disposal groups classified as held for sale (Note 13) of RMB73,738,000 (2019: RMB110,283,000).

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
1 to 6 months	678,832	763,627
7 to 12 months	74	1,544
Over 1 year	52,275	55,787
	<hr/>	<hr/>
	731,181	820,958
	<hr/> <hr/>	<hr/> <hr/>

- (b) As at 31 December 2020, bills payable were bills of exchange with maturity period ranged from 3 to 12 months (2019: ranged from 3 to 12 months).

BUSINESS REVIEW

In the very extraordinary year of 2020, the sudden outbreak of the COVID-19 pandemic has had a material impact on global socio-economic conditions. Amid the epidemic early last year, China's energy consumption fell precipitously. However, under the timely introduction of a series of national policies to contain the spread of the virus, economic activities resumed steadily in the second quarter as the adverse impacts of the pandemic were gradually overcome. With the further recovery of the domestic macro-economy in the second half of the year, the national power consumption and demand rebounded and maintained a stable growth.

In 2020, the national total electricity consumption in China rose by 3.1% year-on-year and the national power generation recorded a year-on-year increase of 4.0%, among which, hydropower, wind power, photovoltaic power and coal-fired power grew by 4.1%, 15.1%, 16.6% and 2.5% respectively.

In 2020, the profit attributable to equity holders of the Company amounted to RMB1,708,305,000, representing an increase of 33.01% as compared with the previous year. Basic earnings per share was approximately RMB0.17 (2019: RMB0.13). As at 31 December 2020, net assets per share (excluding non-controlling interests) was approximately RMB3.10.

With the Group's new energy projects entered into a period of concentrated official commercial production, return on investment unleashed gradually and the proportion of profits contributed by the new energy projects has continued to increase. The electricity sales of photovoltaic power and wind power increased year-on-year by 44.45% and 23.30%, respectively. The electricity sales of hydropower also recorded a significant year-on-year increase of 16.83% as a result of abundant rainfall in the river basins where the Group's hydropower plants are located during the second half of the year. The profit attributable to equity holders of the Company for the year ended 31 December 2020 increased by RMB423,924,000 to RMB1,708,305,000, representing an increase of 33.01% from 2019.

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

Attributable Installed Capacity

As at 31 December 2020, the attributable installed capacity of the Group's power plants reached 23,878.2MW, representing a year-on-year increase of 2,765.0MW. Among which, the attributable installed capacity of clean energy including hydropower, wind power, photovoltaic power and natural gas power was 9,393.6MW in total, accounting for approximately 39.34% of the total attributable installed capacity and representing an increase of 3.77 percentage points as compared with the previous year.

During the year under review, the Group's attributable installed capacity from new wind power plants and photovoltaic power stations that commenced commercial operation were 372.6MW and 791.7MW respectively.

Project Development

The Group has been pursuing its transformational development strategy towards the direction of clean, integrated, intelligent and transnational development. During the year under review, the Group's additional installed capacity of clean energy was 1,827.1MW, accounting for approximately 58.06% of the total additional installed capacity.

Photovoltaic Grid Parity Project

During the year under review, “Liaoning Chaoyang 500MW Photovoltaic Grid Parity Project”, the single largest project in terms of capacity among the first batch of photovoltaic grid parity projects in China, was put into full operation. In order to further promote social and economic development in Chaoyang, the Company has entered into agreement with Chaoyang municipal government in respect of the further development of clean energy projects, pursuant to which the Company will develop three other new energy projects in the city and establish an intelligent and ecological new energy demonstration base with a capacity of million kW in the future.

In addition, another three photovoltaic competitive-bidding projects totalled 440MW in Ningxia Hui Autonomous Region of the PRC have also been put into production successively during the year, marking the official entry into the “Era of competitive-bidding and grid-parity” of the Group’s renewable energy business, which will gradually reduce the reliance on government subsidies and lay a more solid foundation for its sustainable development.

Natural Gas Project

Located in Jingmen Hi-Tech Industrial Development Zone, Hubei Province, the natural gas project of 154MW is the Group’s first natural gas project. The Group will continue to explore the business field of natural gas power generation.

Intelligent Energy Project

CP Zhihui, a subsidiary of the Company engaging in the development of integrated intelligent energy projects in Beijing, the PRC, completed four projects last year, namely:

- (i) The “Photovoltaic Power Storage and Charging” project for Huitong Times Square (惠通時代廣場), which is the first project in Beijing that integrates photovoltaic power, energy storage and charging station construction, and develops a smart micro grid system for the building.
- (ii) The integrated energy project in the USTB Industrial Park (北科產業園) which provides integrated energy services such as electricity, heating and cooling for the locality through internal combustion engines, electric screw-type chillers, rooftop photovoltaics, and smart photovoltaic carports, thereby achieving multi-energy synergy.
- (iii) The “zero carbon” energy supply project of Baozhigu International Conference Center Beijing (北京寶之谷國際會議中心) was officially put into operation. With the complementary support and adjustment among power sources, power grids, power loading and energy storage, the project has enhanced the ability to maintain a dynamic balance of the power system in a more economical, efficient and safer manner.

- (iv) The integrated intelligent energy project in Yanqing District, Beijing, which achieved significant energy saving and substantial reduction of overall energy consumption by providing cooling and heating services through air-source heat pumps, electric combustion engines and phase-change heat storage.

During the year under review, the Group's new integrated intelligent energy management platform was put into trial run officially, which facilitated the development of photovoltaic power stations with a full coverage of multi-functional modules such as operational performance management and intelligent diagnosis. This further enhanced the level of integrated management, efficient operation and maintenance, and precise decision-making, and thus constantly reinforced the Group's operation capabilities of new energy business.

Overseas Management Project

In order to achieve the goal of becoming a world-class clean energy enterprise in the long run, during the year under review, the Company entered into an Entrusted Management Agreement with CPI Holding and SPIC Overseas, pursuant to which the Company will provide planning, operation and management services to their clean energy power plants in Mainland China and power plants abroad. As negotiated, the Company also obtained the right of first refusal to acquire the Entrusted Companies, which created opportunities for expansion into overseas markets. Through the entrusted management, the Company can better understand the asset quality, financial status and profitability of the Entrusted Companies, which, in the view of the Board, will be of important strategic significance for our future business development. For details, please refer to the Company's announcement dated 31 March 2020.

In June 2020, Guangxi Company, a subsidiary of the Company, established a joint venture in Guangxi Zhuang Autonomous Region of the PRC. The formation of the joint venture enables each of the joint venture partners to leverage their capital and investment capabilities, to share technical experience and to explore market development opportunities through concerted and strategic efforts to a greater extent. The joint venture will serve as a platform for investments in the ASEAN region with a focus on investment and development of clean energy, which is conducive to the Company's development and exploration of clean energy projects in the ASEAN region and will provide beneficial experience and reference for the Company's overseas project development in the future. For details, please refer to the Company's announcement dated 2 July 2020.

Electricity Sold

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

	2020	2019	Changes
	<i>MWh</i>	<i>MWh</i>	%
Total electricity sold	88,255,525	83,558,993	5.62
- Hydropower	24,471,737	20,946,792	16.83
- Wind power	4,055,528	3,289,280	23.30
- Photovoltaic power	4,771,492	3,303,260	44.45
- Natural gas power	186,557	N/A	N/A
- Coal-fired power	54,770,211	56,019,661	-2.23

In 2020, the total electricity sold by the Group amounted to 88,255,525MWh, representing an increase of 5.62% as compared with the previous year. The changes in electricity sold by each power segment as compared with the previous year are as follows:

- Hydropower – an increase of 16.83% in electricity sold due to a year-on-year increase in rainfall in the river basins where most of the Group’s hydropower plants are located during the year.
- Wind power and photovoltaic power – benefiting from the large number of new power generating units of the Group that commenced commercial operation during the year, as well as the strengthening clean energy dispatchment and consumption under the national promotion of green development, the electricity sales of wind power and photovoltaic power recorded a year-on-year increase of 23.30% and 44.45%, respectively.
- Coal-fired power – affected by the COVID-19 pandemic at the beginning of the year, coupled with the increase in the consumption of clean energy which squeezed the demand for coal-fired power generation, resulting in a decrease of 2.23% in the electricity sold.
- Natural gas power – the electricity sold amounted to 186,557MWh as the first natural gas power project officially put into operation during the year.

In 2020, the Group also performed satisfactorily in gaining incentive electricity from local governments. In recognition of the fulfilment of certain specific targets required by the local governments in respect of environmental protection, heat supply capacity and productivity of certain power generating units, the accumulated amount of various incentive electricity available for production obtained by the Group during the year increased as compared with the previous year.

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

	2020 <i>MWh</i>	2019 <i>MWh</i>	Changes %
Total electricity sold	18,394,632	17,451,985	5.40
Associates			
- Photovoltaic power	101,132	103,129	-1.94
- Coal-fired power	14,447,574	14,007,435	3.14
Joint Ventures			
- Wind power	450,613	N/A	N/A
- Coal-fired power	3,395,313	3,341,421	1.61

Heat Sold

In order to strongly support the existing environmental policies promulgated by the PRC government, the Group has carried out in-depth exploration of the heat supply potentials in various regions, strengthened the development of heat market and promoted the construction of centralized heating pipe networks, thereby achieving positive results in various areas such as energy efficiency upgrade and development of heat supply market. In 2020, the total heat sold by the Group (including an associate and a joint venture) was 22,151,047GJ, representing an increase of 1,467,398GJ or 7.09% as compared with the previous year.

Direct Power Supply

The Group has actively participated in the market-oriented reform of national power industry, analyzed the opportunities therein and participated in direct power supply transactions (including competitive bidding for on-grid electricity sales) with a view to securing market share. Subsidiaries in different provinces have also established their electricity sales centers to serve and attract more target customers.

In 2020, a number of coal-fired power plants and clean energy power plants of the Group participated in direct power supply transactions, and the electricity sold through direct power supply transactions amounted to 34,406,580MWh and 6,647,263MWh respectively, together accounting for approximately 46.52% (2019: 46.09%) of the Group's total electricity sold.

In 2020, for those coal-fired power and hydropower plants of the Group which participated in direct power supply transactions, their average post-tax tariffs were at a discount of approximately 9.81% and 5.75% (2019: 7.87% and 4.66%) respectively compared with the respective average post-tax on-grid tariffs officially approved by the PRC government (including ultra-low emission tariff). The direct power supply tariff discount for coal-fired power increased as compared with the previous year, mainly due to the intensified electricity market competition in Shanxi Province and Anhui Province which has resulted in more tariff discounts.

Average On-Grid Tariff

In 2020, the Group's average on-grid tariffs as compared with the previous year were as follows:

- Hydropower was RMB244.05/MWh, representing a decrease of RMB27.41/MWh. It was mainly attributable to (i) the reduction of on-grid tariff of hydropower in Hunan Province with effect from 1 July 2019 as promulgated by the Development and Reform Commission of Hunan Province where most of the Group's hydropower plants are located, and (ii) the government's subsidies for electricity fee to the ancillary service markets are required to be shared equally among power generating enterprises under the policy implemented by the local government last year.
- Wind power was RMB496.61/MWh, representing an increase of RMB11.60/MWh. It was mainly attributable to the higher average tariff of wind power during the year as a result of the Group's newly operating wind power plants which charged a relatively higher average on-grid tariff than that of the existing wind power plants and the reduction in value-added tax rate from 1 April 2019.
- Photovoltaic power was RMB572.75/MWh, representing a decrease of RMB55.50/MWh. It was mainly attributable to the impact of subsidies reduction policy for photovoltaic power tariff and the commencement of operation of the Group's photovoltaic power generation grid parity projects, which resulted in a lower average tariff of photovoltaic power.

- Coal-fired power was RMB321.50/MWh, representing a decrease of RMB7.07/MWh. Despite the higher average tariff of coal-fired power as a result of the reduction in the value-added tax rate from 1 April 2019, the overall average tariff of coal-fired power slightly decreased due to the increased proportion of sales of direct power supply with a lower average tariff.
- Natural gas power was RMB534.30/MWh.

The Group will continue to closely monitor and strengthen researches on market power trading policies and green energy tariff policies in order to actively seek more favorable terms regarding market power trading.

Average Utilization Hours of Power Generating Units

In 2020, the changes in utilization hours of power generating units of each of the Group's power segment were as follows:

- The average utilization hours of hydropower generating units was 4,514 hours, representing an increase of 632 hours as compared with the previous year, which was mainly attributable to the increase in power generation as a result of the increase in rainfall in the river basins where most of the Group's hydropower plants are located during the year.
- The average utilization hours of wind power generating units was 2,110 hours, representing an increase of 52 hours as compared with the previous year, which was mainly attributable to the higher average utilization hours of the newly operating generating units.
- The average utilization hours of photovoltaic power stations was 1,433 hours, representing an increase of 50 hours as compared with the previous year, which was mainly attributable to the results achieved from effective facility maintenance.
- The average utilization hours of the coal-fired power generating units was 4,104 hours, representing a decrease of 287 hours as compared with the previous year, which was attributable to the decrease in electricity consumption due to the COVID-19 pandemic at the beginning of last year and the increase in the consumption of clean energy which squeezed the demand for coal-fired power.

OPERATING RESULTS OF 2020

In 2020, the net profit of the Group amounted to RMB2,925,551,000, representing an increase of RMB724,401,000 or 32.91% as compared with the previous year.

In 2020, the net profit (loss) of each business segment was as follows:

Business Segment	2020	2019	Changes
	RMB'000	RMB'000	%
- Hydropower	1,544,442	699,707	120.73
- Wind power	675,730	514,570	31.32
- Photovoltaic power	540,543	617,314	-12.44
- Coal-fired power	522,769	553,620	-5.57
- Unallocated	(357,933)	(184,061)	94.46

As compared with 2019, the changes in net profit were mainly due to the following factors:

Revenue

The revenue of the Group was derived from the sales of electricity to regional and provincial power grid companies and the provision of power generation while the Group recognized its revenue when its performance obligations have been satisfied. In 2020, the Group recorded a revenue of RMB28,427,721,000, representing an increase of 2.39% as compared with RMB27,763,287,000 of the previous year.

In 2020, the details of revenue of each business segment are set out as follows:

- Revenue from wind power and photovoltaic power increased by RMB1,076,248,000 in aggregate due to the commencement of commercial operation of various new power generating units and the strengthening clean energy consumption under the national promotion of green development.
- The electricity sales of hydropower increased due to the increase in the amount of rainfall in the river basins where the hydropower plants are located during the second half of 2020, resulting in an increase of RMB286,316,000 in revenue from hydropower.
- Revenue from coal-fired power decreased by RMB698,130,000, which was attributable to the decrease in electricity sales and average on-grid tariff of coal-fired power as compared with the previous year.

Operating Costs

Operating costs of the Group mainly consist of fuel costs for coal-fired power generation, repairs and maintenance expenses for power generating units and facilities, depreciation and amortization, staff costs, consumables and other operating expenses.

In 2020, the operating costs of the Group amounted to RMB22,393,465,000, representing a drop of 0.77% as compared with RMB22,567,558,000 of the previous year. The decrease in operating costs was mainly due to the net effect of the decline in fuel costs and the increase in depreciation and staff costs.

Total Fuel Costs

The total fuel costs decreased by RMB781,956,000 as a result of the year-on-year decline in coal price and reduced fuel consumption due to the decline in sales of coal-fired power.

Unit Fuel Cost

The average unit fuel cost of the Group's coal-fired power business was RMB197.10/MWh, representing a decrease of 5.29% from that of RMB208.11/MWh of the previous year, which was mainly because the Group exercised strict control over coal costs, while at the same time benefitting from the low-carbon power generation efficiency of the large-capacity power generating units.

Depreciation and Staff Costs

Depreciation of property, plant and equipment and the right-of-use assets and staff costs increased by RMB992,919,000 in aggregate as a result of business expansion and the large number of new power generating units that commenced commercial operation during the year.

Other Gains and Losses and Other Operating Expenses

The net gains from other gains and losses increased by RMB46,599,000, mainly due to the net effect of the increase in profits on sales of heat, trading of coal, coal by-products, spare parts and others, and the increase in the impairment of assets as compared with the previous year.

Other operating expenses reduced by RMB372,619,000, mainly due to an impairment loss on the amount due from a joint venture in 2019 whilst there was no such impairment last year, and the reduction in loss on disposal from separation and transfer of the Water/Power/Gas Supply and Property Management (三供一業) as compared with the previous year.

Operating Profit

In 2020, the Group's operating profit was RMB6,371,860,000, representing an increase of 16.25% as compared with the operating profit of RMB5,481,339,000 of the previous year.

Finance Costs

In 2020, the finance costs of the Group amounted to RMB3,203,698,000 (2019: RMB3,165,881,000), representing an increase of RMB37,817,000 or 1.19% as compared with the previous year. The increase in interest expense was mainly due to the rise of debts level.

Share of Results of Associates

In 2020, the share of results of associates was profits of RMB283,952,000, representing an increase of RMB59,248,000 or 26.37% as compared with RMB224,704,000 of the previous year. The increase in profits was mainly due to the increase in net profits of the associates engaging in coal-fired power related business as a result of the reduced coal price as compared with the previous year.

Share of Results of Joint Ventures

In 2020, the share of results of joint ventures was profits of RMB43,661,000, representing an increase in profits of RMB18,186,000 as compared with RMB25,475,000 of the previous year. The increase in profits was mainly due to the profit contribution from newly established joint ventures.

Income Tax Expense

In 2020, income tax expense of the Group was RMB900,576,000, representing an increase of RMB387,563,000 as compared with RMB513,013,000 of the previous year. The increase was mainly due to the substantial increase in profits of some hydropower plants and the successive expiration of the preferential tax policy of “3+3 Years Tax Holiday (三免三減半)” of certain power plants.

Final Dividend

At the Board meeting held on 18 March 2021, the Board recommended the payment of a final dividend for the year ended 31 December 2020 of RMB0.13 (equivalent to HK\$0.1556 at the exchange rate announced by the People’s Bank of China on 18 March 2021) per ordinary share (2019: RMB0.13 (equivalent to HK\$0.1426) per ordinary share), totaling RMB1,274,895,000 (equivalent to HK\$1,525,952,000) (2019: RMB1,274,895,000 (equivalent to HK\$1,398,462,000)), which is based on 9,806,886,321 shares (2019: 9,806,886,321 shares) in issue on 18 March 2021 (2019: 26 March 2020).

EQUITY INSTRUMENTS AT FVTOCI

As at 31 December 2020, the carrying amount of equity instruments at FVTOCI was RMB3,061,952,000, accounting for 1.96% of total assets, including listed equity securities of RMB2,586,640,000 and unlisted equity investments of RMB475,312,000.

Listed equity securities represent the equity interests in Shanghai Power held by the Group. As at 31 December 2020, the Group held 13.88% of the issued share capital of Shanghai Power, the A shares of which are listed on Shanghai Stock Exchange. It was categorized into the level 1 financial assets of fair value measurements, and its fair value decreased by 11.55% as compared with RMB2,924,502,000 as at 31 December 2019.

Unlisted equity investments represent the Group’s investment in equity of some unlisted companies principally engaged in financial services, coal production, water supply and electricity trading services respectively. They were categorized into the level 3 financial assets of fair value measurements. As at 31 December 2020, the aggregate fair value of unlisted equity investments owned by the Group was RMB493,189,000 (including an unlisted equity investment in the PRC as part of disposal groups classified as held for sale), representing an increase of 8.21% from RMB455,785,000 as at 31 December 2019.

The valuation technique and key inputs used for measuring the fair value of the above level 3 financial assets were market approach, i.e. fair value of such equity instruments is estimated by calculating the appropriate value ratio based on market multiples derived from a set of comparable listed companies in the same or similar industries. Key inputs were (i) the market value of the said equity interests, (ii) price-to-book ratio of the comparable companies (0.43-2.96), and (iii) the marketability discount (25.60%-30.78%).

The fair value loss on equity instruments at FVTOCI for the year ended 31 December 2020 of RMB240,003,000 (net of tax) (2019: gain of RMB58,435,000) was recognized in the consolidated statement of comprehensive income.

MATERIAL ACQUISITIONS AND DISPOSALS

In June 2020, Guangxi Company (a wholly-owned subsidiary of the Company) entered into a Joint Venture Agreement with Jilin Electric, CEC and Sinohydro B11 to form a Joint Venture in Guangxi Zhuang Autonomous Region of the PRC. Guangxi Company made contribution by way of both Asset Injection and cash. Guangxi Company used its equity interests in Lingchuan Wind Power, Lingshan Wind Power and Jinzishan Wind Power (all being subsidiaries of Guangxi Company) as its contribution. Upon completing the transfer of equity interests in these three subsidiaries, they ceased to be subsidiaries of the Company. For details, please refer to the announcement of the Company dated 2 July 2020.

In July 2020, Changzhou Hydropower entered into an Equity Transfer Agreement with Guangxi Overseas, pursuant to which Changzhou Hydropower agreed to sell, and Guangxi Overseas agreed to acquire 45% of equity interests in Lingshan Wind Power at a consideration of RMB93,618,000. Upon completion of the Equity Transfer, Guangxi Overseas would hold the entire equity interest of Lingshan Wind Power, and the Group would indirectly hold 40% equity interest of Lingshan Wind Power through Guangxi Overseas. For details, please refer to the announcement of the Company dated 29 July 2020.

In October 2020, Wu Ling Power signed an Equity Transfer Confirmation on exercise of the Original Shareholder's Option to buy back the equity interests of Yuanjiang Company held by Huabao Trust and ABC Financial at the exercise price of RMB3 billion. Immediately following the completion of the transaction, Huabao Trust and ABC Financial ceased to hold any equity interest in Yuanjiang Company, Yuanjiang Company would then become a wholly-owned subsidiary of Wu Ling Power, and a 63%-owned indirect subsidiary of the Company. For details, please refer to the announcement of the Company dated 29 October 2020.

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

LIQUIDITY, CASH FLOWS AND FINANCIAL RESOURCES

As at 31 December 2020, cash and cash equivalents of the Group were RMB1,316,351,000 (31 December 2019: RMB1,238,290,000). Current assets amounted to RMB14,121,267,000 (31 December 2019: RMB8,352,076,000), current liabilities amounted to RMB40,556,194,000 (31 December 2019: RMB32,436,962,000) and current ratio was 0.35 (31 December 2019: 0.26).

During the year under review, the Group recorded a net increase in cash and cash equivalents (including cash and cash equivalents as part of the disposal groups classified as held for sale) of RMB80,276,000 (2019: a net decrease of RMB610,933,000). For the year ended 31 December 2020:

- net cash generated from operating activities amounted to RMB5,501,876,000 (2019: RMB5,158,172,000).
- net cash used in investing activities amounted to RMB15,768,455,000 (2019: RMB15,816,887,000), which mainly represented the cash outflow of capital expenditure on the Group's payments for property, plant and equipment and prepayments for construction of power plants.
- net cash generated from financing activities amounted to RMB10,346,855,000 (2019: RMB10,047,782,000). The increase in net cash inflow, as compared with the previous year, was mainly attributable to the increase in cash inflow from drawdown of bank borrowings.

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

DEBTS

As at 31 December 2020, total debts of the Group amounted to RMB91,431,935,000 (31 December 2019: RMB78,568,268,000). All debts of the Group are denominated in RMB, Japanese Yen (“JPY”) or United States Dollars (“USD”).

As at 31 December 2020, the Group's gearing ratio, calculated as net debt (being total debts less cash and cash equivalents) divided by total capital (being total equity plus net debt), was approximately 66% (31 December 2019: approximately 63%). The Group's gearing ratio remained stable.

As at 31 December 2020, the amount of borrowings granted by SPIC Financial was approximately RMB4.06 billion (31 December 2019: approximately RMB3.88 billion).

The details of the Group's debt as at 31 December 2020 and 2019 are set out as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Bank borrowings, secured	17,857,058	10,777,320
Bank borrowings, unsecured	48,714,478	23,103,193
Borrowings from related parties	14,949,670	35,737,469
Medium-term notes and super & short-term commercial paper issued by the Company	4,500,000	4,500,000
Super & short-term commercial paper issued by Wu Ling Power	1,000,000	-
Lease liabilities	3,880,729	4,422,286
Other borrowings	530,000	28,000
	<u>91,431,935</u>	<u>78,568,268</u>

The above debts are repayable as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	28,580,938	21,835,349
Between one and two years	12,012,110	14,606,141
Between two and five years	14,014,980	19,713,065
Over five years	36,823,907	22,413,713
	<u>91,431,935</u>	<u>78,568,268</u>

Among the above debts, approximately RMB41,237,926,000 (31 December 2019: approximately RMB29,325,084,000) are subject to fixed interest rates, and the remaining debts denominated in RMB are subject to adjustment based on the relevant rules of the People's Bank of China and bearing interest rates ranged from 1.65% to 5.55% (2019: ranged from 3.92% to 5.23%) per annum.

ASSETS IMPAIRMENTS

When there is any indication of impairment, the Group will conduct an impairment test on assets such as property, plant and equipment and right-of-use assets to assess whether an impairment has occurred. In the process of conducting impairment tests, the Company has fully considered the impact of the COVID-19 pandemic in the year of 2020 and in the future.

In 2020, the Group made impairment provisions of RMB703,276,000 in total, which mainly included a provision for impairment of RMB587,327,000 made on the assets classified as held for sale, and an impairment of goodwill of RMB84,599,000 made for a hydropower plant that remained in loss-making position.

SIGNIFICANT FINANCING ACTIVITIES

In May 2020, the Company issued the second tranche of a super & short-term commercial paper in the PRC in a principal amount of RMB500 million, at the interest rate of 2.00% per annum and with a maturity period of 270 days. The proceeds were fully used for repayment of the existing borrowings. The aggregate principal amount of such super & short-term commercial paper was RMB1 billion. It has an effective registration period of two years with effect from August 2019 and can be issued in tranches on a revolving basis within the effective registration period.

In July 2020, Wu Ling Power, a subsidiary of the Company, received confirmation in relation to the acceptance of its application for the issuance of a super & short-term commercial paper in the PRC in the aggregate principal amount of RMB2 billion, with an effective registration period of two years and to be issued in tranches within the effective registration period. On 17 August 2020, Wu Ling Power completed the issuance of the 2020-first-tranche of super & short-term commercial paper in a principal amount of RMB1 billion, at the interest rate of 2.50% per annum and with a maturity period of 270 days. The proceeds were fully used for repayment of the existing borrowings.

In October 2020, the Company received confirmation in relation to the acceptance of its application for the issuance of perpetual medium-term notes in the PRC in the aggregate principal amount of RMB3 billion, with an effective registration period of two years and to be issued in tranches within the effective registration period. On 5 and 18 November 2020, the Company issued the perpetual medium-term notes in the principal amount of RMB1.5 billion each at the interest rate of 4.35% and 4.60% per annum, respectively, and both with a maturity period of 3+N (3) years. The proceeds were fully used for repayment of the existing borrowings and replenishment of working capital of the Group.

CAPITAL EXPENDITURE

In 2020, the capital expenditure of the Group was RMB18,269,260,000 (2019: RMB15,873,323,000). In particular, the capital expenditure for clean energy segments (hydropower, wind power and photovoltaic power) was RMB14,136,015,000 (2019: RMB11,936,314,000), which was mainly applied for the project construction of new power plants and power stations; whereas the capital expenditure for coal-fired power segment was RMB3,902,112,000 (2019: RMB3,791,184,000), which was mainly applied for the project construction of new coal-fired power generating units and technical upgrade for the existing power generating units. These expenditures were mainly funded by project financing, funds generated from business operations and borrowings from related parties.

PLEDGE OF ASSETS

As at 31 December 2020, the Group pledged certain property, plant and equipment with a net book value of RMB262,915,000 (31 December 2019: RMB392,981,000) to certain banks (31 December 2019: related parties) to secure bank borrowings (31 December 2019: borrowings from related parties) in the amount of RMB129,620,000 (31 December 2019: RMB196,820,000). In addition, certain bank borrowings, borrowings from related parties and lease liabilities totaling RMB19,546,007,000 (including bank borrowings as part of disposal groups classified as held for sale) (31 December 2019: RMB20,134,405,000) were secured by the rights on accounts receivable of certain subsidiaries of the Group. The accounts receivable secured under these borrowings amounted to RMB2,476,191,000 (including accounts receivable as part of disposal groups classified as held for sale) (31 December 2019: RMB3,760,170,000).

CONTINGENT LIABILITIES

As at 31 December 2020, a subsidiary of the Group was named as the defendant in certain legal disputes in relation to relocation compensations. As of the date hereof, the above legal proceedings are still in progress, of which none of the final outcome can be determined at present. The Board considered that the outcome of these pending disputes will have no material adverse effect either on the financial position or the operating results of the Group.

FOREIGN EXCHANGE RISKS

The Group principally operates its businesses in Mainland China with most of its transactions settled in RMB. Apart from certain bank borrowings as well as cash and cash equivalents, the Group's assets and liabilities are mainly denominated in RMB. The Group held borrowings denominated in JPY and USD during the year. Volatility of RMB exchange rate against JPY and USD may increase the exchange risks of the Group, thus affecting its financial position and operating results. As at 31 December 2020, the Group's borrowings denominated in foreign currencies amounted to RMB3,038,381,000 (31 December 2019: RMB3,371,773,000). The Group will continue to keep track on the movements of exchange rate and, if necessary, take responsive measures to avoid excessive foreign exchange rate risks.

FUNDING RISKS

With the Group's strengthened efforts in developing all kinds of new power projects, funding adequacy will have an increasing impact on the Group's operations and development. The financing market is affected by a number of factors such as the liquidity of the lending market and the economic environment, which in turn may also affect the effectiveness and costs of the Group's borrowings.

As at 31 December 2020, the Group had sufficient available undrawn financing facilities amounting to RMB51,888,347,000 to safeguard against funding risks.

SOCIAL AND ENVIRONMENTAL GOVERNANCE

Operational Safety

In 2020, no material accident in the aspects of employees, facilities and environmental protection occurred in the Group.

Human Resources

As at 31 December 2020, the Group had a total of 10,520 (2019: 10,444) full-time employees.

Energy Saving

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

In 2020, the net coal consumption rate of the Group was 303.31g/kWh, representing a slight increase of 1.49g/kWh as compared with the previous year. The net coal consumption rate remained at a relatively low level. The electricity sales of coal-fired power in 2020 decreased by 2.23% and the output efficiency of coal-fired power generating units decreased, resulting in a slight increase in net coal consumption rate, which was mainly attributable to the impact of the COVID-19 pandemic early last year and the increase in the consumption of clean energy.

Emission Reduction

In active response to the policy of “Action Plan of the Upgrade and Renovation of Energy Saving and Emission Reduction of Coal-fired Units (2014–2020) (煤電節能減排升級與改造行動計劃 (2014–2020年))” and the “Implementation Plan on Setting and Distribution of National Aggregate Carbon Emission Rights Trading Quota 2019-2020 (Power Generation Industry)” (2019-2020年全國碳排放權交易配額總量設定與分配實施方案(發電行業)) promulgated by the PRC government, the Group has strengthened the environmental control and rectification measures for its coal-fired power generating units. Currently, more than 90% of the operating coal-fired power generating units have met the standards of ultra-low-emission.

In 2020, the operational ratio of desulphurization facilities for the coal-fired power generating units of the Group was 100% (2019: 100%), and the efficiency ratio of desulphurization reached 99.23% (2019: 99.30%); while the operational ratio of denitration facilities was 100% (2019: 100%) and the efficiency ratio of denitration reached 88.39% (2019: 89.85%).

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

- the emission rate of sulphur dioxide (SO₂) at 0.087g/kWh, representing an increase of 0.011g/kWh as compared with the previous year;
- the emission rate of nitrogen oxide (NO_x) at 0.155g/kWh, representing an increase of 0.022g/kWh as compared with the previous year; and
- the emission rate of flue gas and dusts at 0.008g/kWh, representing an increase of 0.001g/kWh as compared with the previous year.

Although the Group’s emission rates of sulfur dioxide, nitrogen oxide and flue gas and dusts have all increased, but were still significantly lower than the permitted level of national pollution emission.

OUTLOOK FOR 2021

In 2021, the power industry is facing a new market landscape. In respect of the macro-economy, with the effective control of the COVID-19 pandemic within the PRC and the new development mode of international and domestic “dual circulation” that features mutual promotion and support between both markets, it is expected that the national economy will continue to maintain a solid growth momentum. In terms of energy policy, the Chinese government has published the official schedule of achieving the targets of “Carbon Emission Peak” and “Carbon Neutrality” and promoted the development of a nationwide market for carbon emission rights trading, aiming to lead the trend of clean and low-carbon development in the power industry. In terms of power supply and demand, according to the forecast of The

China Electricity Council, the national total electricity consumption is estimated to grow annually by 6% to 7% in 2021. The national power supply and demand would remain generally in balance while certain regions might suffer from insufficient power supply.

Given 2021 is the first year of the PRC government's "14th Five-year Plan", the Group has also commenced the formulation of its own "14th Five-Year" development plan. During the "14th Five-Year" period, the Group will continue to promote the strategy of clean, integrated, intelligent and transnational development with an aim to nurturing technology-based energy segments and further enhancing the Group's comprehensive strengths.

In the next five years, following the Group's clean energy projects under construction being put into operation successively, it is expected that the revenue of the Group and the proportion of clean energy installed capacity will increase significantly. In addition, as the Group has entered into strategic cooperation agreements with various local governments, it is expected that the integrated intelligent energy and high-technology energy business will also develop rapidly. Furthermore, through the management of the Entrusted Companies of CPI Holding and SPIC Overseas, the Company will accumulate more overseas management experience, which will facilitate breakthroughs in international business expansion in the future.

In 2021, the Group will prioritize the following tasks:

Unlocking potentials and enhancing efficiency to improve the overall performance. The Group will normalize its efforts to contain the pandemic and oversee the progress of safe production in strive for enhancing quality and efficiency. Strengthened efforts will be made to increase efficiency of marketing in the electricity market as well as the planning and coordination for maintaining both power generation and electricity tariffs. We will take full advantage of cascade adjusting watershed management of hydropower to realize stable hydropower generation; to promote the consumption of renewable energy and ensure full release of all the potential efficiency of newly-added renewable energy; to improve the operation efficiency of coal-fired power generating units and enhance its ability in terms of securing fuel supply and cost control; and to increase the efficiency of capital use, reduce costs of capital and secure sufficient funds through reasonable use of domestic and international financing markets.

Accelerating transformational development to develop green and low-carbon intelligent energy. Focusing on its principal business of clean energy, the Group will accelerate the increase in reserve and development of renewable energy grid parity projects by pushing forward the construction of Shanxi Datong Zero Carbon Green Energy Base and Liaoning Chaoyang Intelligent and Ecological New Energy Demonstration Base. It will also put greater efforts in the technical upgrade of coal-fired power in a bid to realize the Company's goal for "Carbon Emission Peak" as soon as possible. Emphasis will be placed on management of carbon assets, based on which the Group will scientifically estimate and measure the carbon emission indicators of various departments, and examine the strategies for carbon trading in the future. The Group will also focus its resources on new technologies and new business models so as to actively expand the research and application of new technologies. We will gear up the development of Sichuan Deyang Combustion Engine Technological Innovation Project with a view to realizing the launch of this first national key technology demonstration project of co-generation of electricity and heat soon.

Optimizing asset structure to enhance the risk aversion ability. The Group will continue to increase the proportion of clean energy by means of self-construction, merger and acquisition, and hence increase the revenue and profit contribution from clean energy. It will gradually reduce the proportion of coal-fired power by actively introducing investors such as upstream and downstream enterprises and industrial funds, and reduce the proportion of shareholdings in coal-fired power assets by pushing forward the disposal and divestment of inefficient and non-performing assets. Meanwhile, we will conduct in-depth studies on the pilot scheme of real estate investment trusts (REITs) in the infrastructure sector initiated by the state government level and further optimize our shareholding structure by reducing the gearing ratio of traditional coal-fired power assets.

Promoting the reform of systems and mechanisms to bolster motivation for high-quality development. The Group will further promote the development of the management and control system of “Plan-Budget-Appraisal-Incentives”, improve the market-oriented operation mechanism, put more efforts in the development of human resources and optimize the incentive mechanism so as to foster corporate vitality. Furthermore, by coordinating its innovative resources, the Group will press ahead with the building of a corporation that embodies technological innovation and professional operation.

REVIEW OF FINANCIAL STATEMENTS BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors, has discussed and reviewed with the management and the auditor of the Company, Ernst & Young, the annual results and the consolidated financial statements for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2020.

CORPORATE GOVERNANCE

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

The Company has strictly complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020, save for the CG Code provision of A.2.1.

Under the CG Code provision A.2.1, the role of both the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Tian Jun served as both the Chairman of the Board and the President (being the chief executive) of the Company until late July 2020. With effect from 28 July 2020, Mr. Tian Jun ceased to hold the position of the President of the Company, the same date Mr. He Xi was appointed as an executive Director and the President of the Company. The Board and the Remuneration and Nomination

Committee of the Company considered that this arrangement would allow segregation of the roles of chairman and chief executive (being the President of the Company), and therefore complying with the CG Code provision A.2.1 as set out in Appendix 14 to the Listing Rules since then.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a set of Code of Conduct for Securities Transactions by Directors (“**Code of Conduct**”), the terms of which are no less than the requirement of Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific inquiries to all Directors, they confirmed that they have fully complied with the Code of Conduct throughout the entire year of 2020.

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

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

The 2020 annual report will be sent to those shareholders of the Company who have selected to receive the printed version of corporate communication only, and the soft copy of the annual report will also be made available for review on the above websites in due course.

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

By Order of the Board
China Power International Development Limited
Tian Jun
Chairman

Hong Kong, 18 March 2021

As at the date of this announcement, the directors of the Company are: executive directors Tian Jun and He Xi, non-executive directors Guan Qihong and Wang Xianchun, and independent non-executive directors Kwong Che Keung, Gordon, Li Fang and Yau Ka Chi.