

## INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF  
**HUADIAN POWER INTERNATIONAL CORPORATION LIMITED**  
*(Incorporated in the People's Republic of China with limited liability)*

### OPINION

We have audited the consolidated financial statements of Huadian Power International Corporation Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 52 to 126, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Acquisition of equity interests in Huadian Fuxin Energy Development Company Limited ("Fuxin Development")

Key Audit Matter	How our audit addressed the key audit matter
<p>Refer to note 47 to the consolidated financial statements.</p> <p>During the year ended 31 December 2021, the Company acquired 37.19% equity interests in Fuxin Development by making a capital contribution of RMB21,541,700,000 (determined by business valuations by external valuers), settled by a cash payment of RMB7,686,554,000 and equity interests in 27 subsidiaries (together the "New Energy Companies") with value amounting RMB10,851,272,000, resulting in a gain on disposal of subsidiaries of RMB3,003,874,000.</p> <p>We identified the transaction as a key audit matter due to the significant unobservable inputs and significant judgements associated with determining the fair values of equity interests of Fuxin Development and the New Energy Companies.</p>	<p>Our procedures in relation to the acquisition of equity interests in Fuxin Development included:</p> <ul style="list-style-type: none"> <li>• Reviewing relevant supporting documents, including board minutes, equity transfer agreements, announcement and circular related to the transaction and evaluating management's accounting treatment for the acquisition with reference to the terms set out in the equity transfer agreement and the prevailing accounting standards;</li> <li>• Obtaining and inspecting the valuation reports prepared by the external valuers on which the directors' assessment of the fair values of equity interests in Fuxin Development and the New Energy Companies was based;</li> <li>• Evaluating the competence, capability and objectivity of the external valuers engaged by the management;</li> <li>• Evaluating the appropriateness of the valuation methodologies and the key assumptions and bases adopted;</li> <li>• Verifying the arithmetic accuracy of the calculation included in the valuation reports; and</li> <li>• Assessing the adequacy of disclosures in connection with the transaction with reference to the prevailing accounting standards.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### KEY AUDIT MATTERS (Continued)

#### Impairment review of goodwill and property, plant and equipment/right-of-use assets with impairment indicators

Key Audit Matter	How our audit addressed the key audit matter
<p>Management performed an impairment review on the goodwill and property, plant and equipment/right-of-use assets with impairment indicators which are allocated to the cash generating units ("CGUs") of power generation, by taking into account the Group's future operating plans for power generation and the outlook for the industries.</p> <p>The recoverable amount of the relevant assets or the CGUs has been determined based on value in use calculation through discounting the estimated future cash flows generated from the relevant assets or the CGUs to the present value. In estimating the aforesaid recoverable amount, management is required to consider all relevant factors with reasonable and supportable assumptions to make significant accounting estimations.</p> <p>We identified the impairment review of goodwill and property, plant and equipment/right-of-use assets with impairment indicators as a key audit matter due to significant accounting estimations involved in estimating the recoverable amounts of the relevant assets and CGUs arising thereof.</p>	<p>Our procedures in relation to impairment review of the goodwill and property, plant and equipment/right-of-use assets with impairment indicators included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding, evaluating the design, and testing the operating effectiveness of controls over the management's key process of the Group's impairment review;</li> <li>• Evaluating the appropriateness of the management's identification of impairment indicators, if any, with reference to the internal and external sources of information;</li> <li>• Assessing the appropriateness of the methodology adopted by management in its preparation of the discounted cash flow forecasts, whether these were prepared in a manner consistent with the requirement of with prevailing accounting standards and how the external valuer's work was relied on by management;</li> <li>• Evaluating the competence, capability and objectivity of the external valuers engaged by the management;</li> <li>• Comparing the key assumptions used in the discounted cash flow forecasts, including the future sales volumes and selling prices, future fuel prices and discount rate applied, with the historical performance of each CGU, management's approved budgets and forecasts and industry and other externally available information;</li> <li>• Performing sensitivity analysis of the key assumptions described by assessing the changes to the recoverable amounts of the CGUs resulting from change in these assumptions; and</li> <li>• Verifying the mathematical accuracy of the calculation in the impairment review.</li> </ul>

### OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statement on 30 March 2021.

### OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in the independent auditor's report is Gao Yajun.

#### **Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 25 March 2022

**Gao Yajun**

Practising certificate number P06391

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

For the year ended 31 December 2021  
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
<b>Turnover</b>	5	<b>100,983,552</b>	89,382,243
<b>Operating expenses</b>			
Fuel costs		<b>(74,471,831)</b>	(41,394,152)
Costs of coal sold		<b>(11,352,083)</b>	(11,461,662)
Depreciation and amortisation		<b>(11,506,347)</b>	(11,759,219)
Repairs, maintenance and inspection		<b>(3,778,694)</b>	(3,940,470)
Personnel costs	6	<b>(6,958,393)</b>	(6,333,469)
Administration expenses		<b>(4,827,353)</b>	(3,300,386)
Taxes and surcharges	7	<b>(976,501)</b>	(1,099,224)
Other operating expenses	11(b)	<b>(1,511,678)</b>	(1,303,510)
		<b>(115,382,880)</b>	(80,592,092)
<b>Operating (loss)/profit</b>		<b>(14,399,328)</b>	8,790,151
Investment income	8	<b>6,461,917</b>	45,120
Other revenue	9	<b>1,370,714</b>	1,039,567
Other net income	9	<b>1,359,670</b>	929,271
Interest income from bank deposits		<b>136,259</b>	100,078
Fair value loss on financial assets at fair value through profit or loss		<b>(37,228)</b>	(1,251)
Finance costs	10	<b>(4,352,826)</b>	(4,532,660)
Share of results of associates and joint ventures		<b>2,470,209</b>	521,557
<b>(Loss)/profit before taxation</b>	11(a)	<b>(6,990,613)</b>	6,891,833
Income tax credit/(expense)	14	<b>1,774,724</b>	(1,216,202)
<b>(Loss)/profit for the year</b>		<b>(5,215,889)</b>	5,675,631
<b>Other comprehensive income:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income of investees accounted for under the equity method (with nil tax effect)		<b>38,391</b>	5,800
<i>Items that will not be reclassified to profit or loss:</i>			
Share of other comprehensive income (non-recycling) of investees accounted for under the equity method (with nil tax effect)		<b>41,412</b>	–
<b>Other comprehensive income for the year (net of tax)</b>	15	<b>79,803</b>	5,800
<b>Total comprehensive (expense)/income for the year</b>		<b>(5,136,086)</b>	5,681,431
<b>(Loss)/profit for the year attributable to:</b>			
Equity holders of the Company		<b>(3,341,982)</b>	4,166,756
Non-controlling interests		<b>(1,873,907)</b>	1,508,875
		<b>(5,215,889)</b>	5,675,631
<b>Total comprehensive (expense)/income for the year attributable to:</b>			
Equity holders of the Company		<b>(3,262,382)</b>	4,172,556
Non-controlling interests		<b>(1,873,704)</b>	1,508,875
		<b>(5,136,086)</b>	5,681,431
<b>Basic and diluted (loss)/earnings per share</b>	16	<b>RMB(0.443)</b>	RMB0.329

The accompanying notes form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021  
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	17	125,676,926	160,304,083
Right-of-use assets	18(a)	6,497,402	7,533,405
Construction in progress	19	15,807,420	22,361,667
Investment properties		61,828	32,283
Intangible assets	20	1,900,627	4,163,741
Goodwill	21	1,199,701	1,233,366
Interests in associates and joint ventures	22	37,266,831	12,023,223
Financial assets at fair value through profit or loss	23	330,064	307,890
Other non-current assets	24	1,762,095	3,126,447
Deferred tax assets	36(b)	2,289,323	748,228
		<b>192,792,217</b>	211,834,333
<b>Current assets</b>			
Inventories	26	6,130,892	2,347,810
Trade debtors and bills receivable	27	9,265,280	11,719,443
Deposits, other receivables and prepayments	28	7,554,257	4,033,493
Tax recoverable	36(a)	552,862	76,775
Restricted deposits	29	145,463	180,624
Cash and cash equivalents	30	5,945,067	6,498,457
		<b>29,593,821</b>	24,856,602
<b>Current liabilities</b>			
Bank loans	31(a)	29,968,493	25,566,828
Loans from shareholders	31(b)	617,054	700,000
State loans	31(c)	1,733	1,926
Other loans	31(d)	5,491,491	3,245,524
Short-term debentures payable	31(e)	2,023,880	–
Long-term debentures payable – current portion	31(f)	5,861,218	1,996,838
Amount due to the parent company		27,599	42,337
Lease liabilities	18(b)	240,830	641,932
Trade creditors and bills payable	33	14,793,426	17,490,945
Other payables and contract liabilities	34	6,431,258	8,833,733
Tax payable	36(a)	205,952	625,496
		<b>65,662,934</b>	59,145,559
<b>Net current liabilities</b>		<b>(36,069,113)</b>	(34,288,957)
<b>Total assets less current liabilities</b>		<b>156,723,104</b>	177,545,376

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As at 31 December 2021  
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
<b>Non-current liabilities</b>			
Bank loans	31(a)	45,353,610	50,490,648
Loans from shareholders	31(b)	5,579,400	6,007,768
State loans	31(c)	45,384	52,372
Other loans	31(d)	5,703,716	7,851,972
Long-term debentures payable	31(f)	16,078,002	10,495,397
Convertible bonds – liability components	32	1,433,637	–
Lease liabilities	18(b)	327,557	1,175,083
Long-term payables	35	–	262,460
Provisions	38	64,242	236,717
Deferred government grants		1,266,742	1,569,874
Deferred income	37	2,896,818	3,028,195
Deferred tax liabilities	36(b)	1,690,353	1,966,243
Retirement benefit obligations		15,078	15,538
		<b>80,454,539</b>	83,152,267
<b>Net assets</b>			
		<b>76,268,565</b>	94,393,109
<b>Capital and reserves</b>			
Share capital	39(b)	9,869,858	9,862,977
Perpetual capital securities	39(e)	22,473,349	24,645,175
Reserves	39(c)	31,365,210	38,637,209
<b>Equity attributable to equity holders of the Company</b>			
		<b>63,708,417</b>	73,145,361
<b>Non-controlling interests</b>			
		<b>12,560,148</b>	21,247,748
<b>Total equity</b>			
		<b>76,268,565</b>	94,393,109

The consolidated financial statements on pages 52 to 126 were approved and authorised for issue by the board of directors on 25 March 2022 and are signed on its behalf by:

**Ding Huande**  
Director

**Feng Rong**  
Director

The accompanying notes form part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021  
(Expressed in Renminbi)

	Attributable to equity holders of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 39(b))	Capital reserve RMB'000 (note 39(c)(i))	Statutory surplus reserve RMB'000 (note 39(c)(ii))	Discretionary surplus reserve RMB'000	Revaluation reserve RMB'000 (note 39(c)(iii))	Fair value reserve RMB'000 (note 39(c)(iv))	Retained profits RMB'000	Convertible bonds reserve RMB'000 (note 39(c)(v))	Perpetual capital securities RMB'000 (note 39(e))	Total RMB'000		
Balance at 1 January 2020	9,862,977	15,149,644	3,571,847	68,089	44,726	(19,410)	17,794,810	-	16,129,055	62,601,738	18,005,905	80,607,643
Profit for the year	-	-	-	-	-	-	3,248,895	-	917,861	4,166,756	1,508,875	5,675,631
Other comprehensive income for the year (note 15)	-	-	-	-	-	5,800	-	-	-	5,800	-	5,800
Total comprehensive income for the year	-	-	-	-	-	5,800	3,248,895	-	917,861	4,172,556	1,508,875	5,681,431
Capital injection from non-controlling interests	-	215,181	-	-	-	-	-	-	-	215,181	3,076,130	3,291,311
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	8,492,665	8,492,665	-	8,492,665
Dividends recognised as distribution (note 39(a))	-	-	-	-	-	-	(1,439,995)	-	-	(1,439,995)	-	(1,439,995)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,344,863)	(1,344,863)
Distributions payable to holders of perpetual capital securities (note 39(e))	-	-	-	-	-	-	-	-	(894,406)	(894,406)	-	(894,406)
Appropriation of general reserve	-	-	430,478	-	-	-	(430,478)	-	-	-	-	-
Appropriation of specific reserve	-	-	151,401	-	-	-	(151,401)	-	-	-	-	-
Utilisation of specific reserve	-	-	(175,906)	-	-	-	175,906	-	-	-	-	-
Others	-	244	-	-	-	-	(2,622)	-	-	(2,378)	1,701	(677)
Balance at 31 December 2020 and 1 January 2021	9,862,977	15,365,069	3,977,820	68,089	44,726	(13,610)	19,195,115	-	24,645,175	73,145,361	21,247,748	94,393,109
Loss for the year	-	-	-	-	-	-	(4,365,243)	-	1,023,261	(3,341,982)	(1,873,907)	(5,215,889)
Other comprehensive income for the year (note 15)	-	-	-	-	-	79,600	-	-	-	79,600	203	79,803
Total comprehensive income/(expense) for the year	-	-	-	-	-	79,600	(4,365,243)	-	1,023,261	(3,262,382)	(1,873,704)	(5,136,086)
Issue of shares	6,881	22,914	-	-	-	-	-	-	-	29,795	-	29,795
Issue of convertible bonds	-	-	-	-	-	-	-	41,250	-	41,250	-	41,250
Acquisition of non-controlling interests	-	(338,008)	-	-	-	-	-	-	-	(338,008)	(3,308,431)	(3,646,439)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	705,696	705,696
Issue of perpetual capital securities	-	-	-	-	-	-	-	-	4,496,319	4,496,319	-	4,496,319
Redemption of perpetual capital securities	-	(19,976)	-	-	-	-	-	-	(6,630,024)	(6,650,000)	-	(6,650,000)
Dividends recognised as distribution (note 39(a))	-	-	-	-	-	-	(2,465,744)	-	-	(2,465,744)	-	(2,465,744)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,381,129)	(1,381,129)
Distributions payable to holders of perpetual capital securities (note 39(e))	-	-	-	-	-	-	-	-	(1,061,382)	(1,061,382)	-	(1,061,382)
Appropriation of general reserve	-	-	503,409	-	-	-	(503,409)	-	-	-	-	-
Appropriation of specific reserve	-	-	61,105	-	-	-	(61,105)	-	-	-	-	-
Utilisation of specific reserve	-	-	(48,821)	-	-	-	48,821	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,851,585	1,851,585
Loss of control of subsidiaries	-	(76,792)	(173,885)	-	-	-	-	-	-	(250,677)	(4,687,569)	(4,938,246)
Share of reserve of associates	-	23,885	-	-	-	-	-	-	-	23,885	-	23,885
Others	-	-	-	-	-	-	-	-	-	-	5,952	5,952
Balance at 31 December 2021	9,869,858	14,977,092	4,319,628	68,089	44,726	65,990	11,848,435	41,250	22,473,349	63,708,417	12,560,148	76,268,565

The accompanying notes form part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021  
(Expressed in Renminbi)

	Note	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Cash received from customers and others		118,862,700	107,005,134
Cash paid to suppliers, employees and others		(124,082,962)	(80,173,145)
<b>Cash (used in)/generated from operations</b>			
Interest paid		(4,168,760)	(4,962,571)
PRC enterprise income tax paid	36(a)	(1,331,681)	(1,583,837)
<b>Net cash (used in)/generated from operating activities</b>			
		(10,720,703)	20,285,581
<b>Cash flows from investing activities</b>			
Payment of purchase of property, plant and equipment, construction in progress, investment properties and intangible assets		(12,875,373)	(18,653,784)
Proceeds from disposal of property, plant and equipment and intangible assets		622,010	–
Net cash outflows for the acquisition of subsidiaries	48	(3,198,712)	–
Net cash inflow from loss of control of subsidiaries	49	10,583,718	–
Proceeds from disposal of associates	22(d)	2,759,101	190,387
Payment of investments in associates		(7,806,938)	(138,462)
Payment for acquiring additional equity interest in subsidiaries		(4,620,663)	–
Increase in other long-term receivables		–	(96,412)
Payment of purchase of financial assets at fair value through profit or loss		(82,365)	(29,702)
Proceeds from disposal of financial assets at fair value through profit or loss		4,169	–
Interest received		106,488	105,338
Withdrawal of restricted deposits		102,490	57,390
Placement of restricted deposits		(62,754)	(115,781)
Dividends received		609,447	459,325
Other investing activities		68,742	170,819
<b>Net cash used in investing activities</b>			
		(13,790,640)	(18,050,882)
<b>Cash flows from financing activities</b>			
Debentures			
– Net proceeds from debentures		21,600,000	3,800,000
– Repayment of debentures		(10,500,571)	(7,300,000)
Loans			
– Proceeds from loans		82,708,531	61,849,206
– Repayment of loans		(60,655,859)	(68,040,475)
Lease liabilities			
– Repayment of principal portion of the lease liabilities		(1,275,275)	(1,109,751)
Bills financing			
– Proceeds from bank acceptance bills discounted		596,811	1,000,313
– Repayment of bank acceptance bills		(2,133,778)	(1,088,025)
Capital injection from non-controlling interests		418,177	3,257,469
Issue of perpetual capital securities		4,500,000	8,500,000
Repayment of perpetual capital securities		(6,650,000)	–
Dividends paid to non-controlling interests		(1,162,658)	(853,170)
Dividends distribution		(2,465,744)	(1,439,995)
Dividends paid to holders of perpetual capital securities		(1,060,780)	(734,080)
Other financing activities		39,152	(43,294)
<b>Net cash generated from/(used in) financing activities</b>			
		23,958,006	(2,201,802)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		(553,337)	32,897
<b>Effect of foreign exchange rate on cash and cash equivalents</b>			
		(53)	–
<b>Cash and cash equivalents at beginning of the year</b>			
		6,498,457	6,465,560
<b>Cash and cash equivalents at end of the year</b>			
		5,945,067	6,498,457

The accompanying notes form part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 1 BACKGROUND OF THE COMPANY

Huadian Power International Corporation Limited (the “**Company**”) was established in Shandong province of the People’s Republic of China (the “**PRC**”) on 28 June 1994 as a joint stock limited company and the office address is No. 2 Xuanwumennei Street, Xicheng District, Beijing, the PRC.

The Company and its subsidiaries (together referred to as the “**Group**”) are principally engaged in the generation and sale of electricity, heat and coal. The majority of electricity generated is supplied to the local power grid companies where the power plants are located.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance (“**CO**”). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current year by the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and revised IFRSs to the extent that they are relevant to the Group for the current year reflected in the consolidated financial statements.

### (b) Basis of preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and its interests in associates and joint ventures.

At 31 December 2021, the Group had net current liabilities of approximately RMB36,069 million and certain capital commitments (see note 42). The directors of the Company are of the opinion that, taking into account the current operation of the Group; the unutilised banking facilities available to the Group as well as debentures and bonds registered in the PRC interbank debenture market which has not been issued, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due in the coming twelve months from the date of consolidated statement of financial position. Therefore, these consolidated financial statements have been prepared on a going concern basis.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for certain financial instruments, which are measured at fair value (see note 2(l)).

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (b) Basis of preparation of the consolidated financial statements (Continued)

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

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

Judgement made by management in the application of IFRSs that have significant effects on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

#### (c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the Group's relevant components of equity and non-controlling interests within consolidated equity to reflect the change in relative interests, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests is adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests, if any, are derecognised. It is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss and calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(l)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(k)). All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs.

#### (d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting issued in September 2010*).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

#### (e) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)(ii)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate capitalisation of borrowing costs (see note 2(w)).

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodies within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (e) Property, plant and equipment (Continued)

When proved and probable coal reserves have been determined, costs incurred to develop coal mines are capitalised as part of the cost of the mining structures. When stripping activities can be shown to give rise to future benefits from the mineral property, the Group capitalises the related production stripping costs into property, plant and equipment as mining structure, including production stripping costs for surface mining activities.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than mining structures and mining rights, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings	20 – 45 years
– Generators, machinery and equipment	5 – 20 years
– Motor vehicles, furniture, fixtures, equipment and others	5 – 10 years

Mining structures and mining rights are depreciated on a units-of-production method utilising only proved and probable coal reserves in the depletion base.

The Group's mining rights are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves to be mined in accordance with current production schedules.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

#### (f) Leases

##### As a lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

##### (i) Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

– Buildings	20 – 45 years
– Generators, machinery and equipment	5 – 20 years
– Land use rights and sea use rights	10 – 70 years
– Motor vehicles, furniture, fixtures, equipment and others	5 – 10 years

At inception, the right-of-use asset comprises the initial lease liability, initial direct costs and obligation to restore the assets, less an incentive granted by the lessor. The right-of-use asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

##### (ii) Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (f) Leases (Continued)

##### As a lessee (Continued)

##### (ii) Lease liability (Continued)

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

- (i) fixed payments less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- (iii) amounts expected to be payable by the lessee under residual value guarantees;
- (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and
- (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

##### (iii) Sale and leaseback transaction

##### The Group acts as a seller-lessee

The Group applies the requirements of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") to assess whether sales and leaseback transaction constitutes a sale by the Group as a seller-lessee. For a transfer that does not satisfy the requirements as a sale, the Group accounts for the transfer proceeds as borrowings within the scope of IFRS 9 *Financial Instruments* ("IFRS 9").

#### (g) Construction in progress

Construction in progress is stated at cost, which comprises construction expenditure, including interest costs and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest costs during the construction period, and the cost of related equipment, less impairment losses (see note 2(m)(ii)).

The costs are transferred to property, plant and equipment and depreciation will be provided at the appropriate rates specified in note 2(e) above when the relevant assets are completed and ready for their intended use.

#### (h) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses (note 2(m)(ii)).

Depreciation is recognised so as to write off the cost of investment properties after taking into account of their estimated residual value, using the straight-line method over their estimated useful lives of 20 to 45 years. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

#### (i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 2(d)) less accumulated impairment losses (see note 2(m)(ii)), if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than operating segment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (i) Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

#### (j) Intangible assets (other than goodwill)

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and impairment losses (see note 2(m)(ii)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(m)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the asset's estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Concession assets	the shorter of remaining concession period or 25 years
–	Development right of hydropower	45 years
–	Others	5 – 10 years

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### (k) Interests in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (k) Interests in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When there is an objective evidence indicating that the net investments in associates and joint ventures may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised in profit or loss forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IFRS 9 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence or joint control over the investee.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

#### (l) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL"), for which transaction costs are recognised directly in profit or loss.

##### Investments other than equity securities

Non-equity securities held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held within a business model with the objective of collecting the contractual cash flows; and the contractual terms of the non-equity securities give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A gain or loss on an investment that is subsequently measured at amortised cost is recognised in profit or loss when the investment is derecognised or impaired. Interest income from these investments is included in investment income using the effective interest method.

The Group assesses on a forward looking basis the expected credit losses associated with its non-equity securities carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk (see note 2(m)(i)).

- fair value through other comprehensive income ("FVOCI") – recycling, if the objective of the business model is to hold the investments to collect the contractual cash flows and to sell financial assets; and the contractual term of the non-equity securities give rise on specified date to cash flows that are solely payments of principal and interest on the principal outstanding. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains or losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL, if the investments does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (l) Other investments in securities (Continued)

##### Equity securities

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Dividends from an investment in equity securities classified as at FVPL are recognised in profit or loss as other income in accordance with the policy set out in note 2(t)(iv).

#### (m) Impairment of assets

##### (i) Impairment of financial assets

The Group recognises loss allowances for expected credit loss (the "ECL") on trade debtors and bills receivable related to sales of electricity, heat and coal, other receivables, restricted deposits and cash and cash equivalents and debt instruments measured at amortised cost. The ECLs are measured on either of the following bases:

- (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For trade debtors and bills receivable related to sale of electricity, heat and coal, the Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all debtors. The Group performs impairment assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For restricted deposits and cash and cash equivalents placed in high credit-rated financial institutions are considered to be low credit risk. Thus the impairment provision recognised during the year was limited to 12-month ECLs.

For other financial assets measured at amortised cost, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be credit-impaired when:

- (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets interest income is calculated based on the gross carrying amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (m) Impairment of assets (Continued)

##### (ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, (except in the case of goodwill), an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- construction in progress;
- investment properties;
- intangible assets;
- goodwill;
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position; and
- other non-current assets (other than financial assets).

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

##### – Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

##### – Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal, if measurable, or value in use, if determinable.

##### – Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (n) Inventories

Inventories, comprising coal, stalk, fuel oil, gas, materials, components and spare parts for consumption are carried at the lower of cost and net realisable values.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable values is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated conversion costs during power generation, and the estimated costs necessary to make the sale.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (n) Inventories (Continued)

When inventories are used or sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised, or capitalised to property, plant and equipment when installed, as appropriate. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### (o) Trade debtors and bills receivable, deposits and other receivables (“Trade and other receivables”)

Trade debtors and bills receivable, deposits and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for credit loss (see note 2(m)(i)).

Bills receivable is initially recognised at fair value and thereafter stated at fair value through other comprehensive income. Subsequent changes in the carrying amounts of bills receivable as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these receivables, if any, are recognised in other comprehensive income and accumulated under fair value reserve. For investments in debt securities that are measured at FVOCI (recycling), the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

#### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents are assessed for ECL in accordance with the policy (see note 2(m)(i)).

#### (q) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### (i) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any interests are discretionary. Interest on perpetual capital securities classified as equity are recognised as distributions within equity.

##### (ii) Convertible bonds that contain equity component

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to capital reserve. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (q) Financial liabilities and equity instruments (Continued)

##### (iii) Other financial liabilities

Other financial liabilities including bank loans, loans from shareholders, state loans, other loans, short-term debentures payable, amount due to the parent company, trade creditors and bills payable, other payables, long-term debentures payable, long-term payables, are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

#### (r) Derecognition of financial assets or financial liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### (s) Financial guarantees issued, provisions and contingent liabilities

##### (i) Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract.

Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 2(m)(i) and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of IFRS 15.

##### (ii) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (t) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (t) Revenue recognition (Continued)

- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (i) Electricity Income

For sales of electricity, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of electricity is transferred to the customer. Revenue is thus recognised upon when the power grid companies received each unit of electricity. A standard tariff is charged for each unit of electricity, which is established by the government.

#### (ii) Heat Income

For sales of heat, each unit sold is generally considered a distinct good and the related performance obligation is generally satisfied at a point in time when control of heat is transferred to the customer. Revenue is thus recognised upon the customers received each unit of heat.

#### (iii) Sale of coal

Revenue is recognised when control of the goods has transferred, being when the goods are delivered to and have been accepted by customers.

#### (iv) Other income

##### *Dividend income*

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

##### *Interest income*

Interest income is recognised as it accrues using the effective interest method.

##### *Government grants*

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred government grants in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in which they become receivables.

##### *Upfront installation fees*

Upfront installation fee received for connecting the customers' premises to the heat network of the Group is deferred and recognised on a straight-line basis over the expected service terms after the completion of the installation work.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency translation differences relating to funds borrowed relevant to construction in progress, to the extent that they are regarded as an adjustment to interest costs, are capitalised during the construction period (see note 2(g)). All other exchange differences are dealt with in profit or loss.

#### (v) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit before tax as reported in the consolidated financial statements because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (v) Income tax (Continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

#### (w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

#### (x) Employee benefits

##### (i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

##### (ii) Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

#### (y) Research expenditure

Expenditure on research activities is recognised as expenses in the period in which it is incurred.

#### (z) Related parties

##### (a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Company's parent.

##### (b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (z) Related parties (Continued)

##### (b) An entity is related to the Group if any of the following conditions applies: (Continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is part, provides key management personnel services to the Group or to the Company's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### (aa) Segment reporting

The Group's most senior executive management ("the chief operating decision makers") review the Group's revenue and profits as a whole for the purposes of allocating resources and assessing the performance (note 5).

#### (ab) Dividends

Dividends are recognised as a liability in the period in which they are declared.

#### (ac) Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

### 3 APPLICATION OF AMENDMENTS TO IFRSs

#### (a) Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

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

#### (b) New or revised IFRSs that have been issued but are not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments <sup>2</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Except as disclosed below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 3 APPLICATION OF AMENDMENTS TO IFRSs (Continued)

#### (b) New or revised IFRSs that have been issued but are not yet effective (Continued)

##### Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Group's existing accounting policy is to account for sale proceeds during construction period as reduction of cost of the construction in progress. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of construction in progress. During the year ended 31 December 2021, sale proceeds and related costs included in construction in progress amounted to approximately RMB186 million and RMB225 million, respectively.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the availability of funding from various sources to enable the Group to operate as a going concern and meet its liabilities as they fall due. Details are explained in note 2(b) to the consolidated financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (a) Estimated impairment of goodwill

The Group performs impairment assessment annually on goodwill or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Recoverable amount is the higher of its value in use and fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU(s) in which the goodwill is allocated, and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, further impairment loss may arise. As at 31 December 2021, the carrying amount of goodwill is RMB1,199,701,000 (2020: RMB1,233,366,000) (net of accumulated impairment loss of RMB638,650,000 (2020: RMB215,447,000)). Details of the impairment assessment are disclosed in note 21.

#### (b) Estimated impairment of property, plant and equipment

In determining whether an property, plant and equipment is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset's recoverable amount; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions, including future sales volumes and selling price, future fuel prices and discount rate applied in preparing cash flow projections. Changes in the assumptions selected by management to determine the level of impairment, including the discount rate assumptions in the cash flow projections, could affect the net present value used in the impairment assessment. Impairment loss amounting to RMB302,906,000 (2020: RMB1,476,924,000) was recognised in the consolidated financial statements for the year ended 31 December 2021 (note 11(a)) and details of the impairment assessment are set out in note 17.

#### (c) Provision for ECLs on trade and other receivables

The provision rate of trade and other receivables are made based on the assessment of their recoverability and the ageing analysis of the trade and other receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. Information about the ECLs on the Group's trade and other receivables are disclosed in notes 27 and 28 to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### (d) Depreciation and amortisation

Property, plant and equipment, right-of-use assets, investment properties and intangible assets are depreciated and amortised over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

#### (e) Deferred tax assets

As disclosed in note 36(b), a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

#### (f) Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using the benchmark interest rate for RMB loan ("人民幣貸款基準利率") published by The People's Bank of China as the observable inputs.

#### (g) Provision on remediation costs

As disclosed in note 38, the estimation of the liabilities for mine disposal and environmental restoration involves the estimates of the amount and timing of future cash outflows as well as the discount rate used for reflecting current market assessments of the time value of money and the risks specific to the liability. The Group considers the factors including the size of mining area, future production development plan and reserve volume to determine the scope, amount and timing of reclamation and mine closure works to be performed. Determination of the effect of these factors involves judgements from the Group and the estimated liabilities may turn out to be different from the actual expenditure to be incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 5 TURNOVER AND SEGMENT INFORMATION

#### (a) Disaggregation of turnover

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

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

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

#### (b) Segment information

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

#### Geographical information

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

#### Information about major customers

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

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

\* Revenue from sale of electricity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 6 PERSONNEL COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Wages, welfare and other benefits	4,526,316	4,608,664
Retirement benefits (note 41)	1,211,742	690,459
Other staff costs	1,220,335	1,034,346
	<b>6,958,393</b>	6,333,469

### 7 TAXES AND SURCHARGES

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

### 8 INVESTMENT INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividend income from financial assets measured at FVPL	24,176	9,128
Dilution gain on investment in an associate (note 22(e))	1,690,603	–
Gain on loss of control of subsidiaries (notes 47 and 49)	4,649,443	616
Gain on disposal of associates (note 22(d))	119,154	69,880
Interest on loans and receivables	15,200	15,278
Loss on disposal of financial assets measured at FVOCI	(36,659)	(49,782)
	<b>6,461,917</b>	45,120

### 9 OTHER REVENUE AND NET INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Other revenue</b>		
Government grants (Note (i))	751,233	358,260
Revenue from upfront installation fees for heating networks (note 37)	263,737	211,487
Others	355,744	469,820
	<b>1,370,714</b>	1,039,567
<b>Other net income</b>		
Gain on disposal of property, plant and equipment	325,292	59,274
Net income from sale of materials	1,362,118	1,135,770
Others	(327,740)	(265,773)
	<b>1,359,670</b>	929,271

Note:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 10 FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on loans and other financial liabilities	4,497,310	4,725,017
Interest on lease liabilities	38,616	95,783
Interest on convertible bonds (note 32)	14,657	–
Other finance costs	117,961	113,565
Net foreign exchange gain	(5,702)	(767)
Less: interest capitalised	(310,016)	(400,938)
	<b>4,352,826</b>	4,532,660

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

### 11 (LOSS)/PROFIT BEFORE TAXATION

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

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

#### (b) Other operating expenses:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 12 DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS

Details of directors', chief executives' and supervisors' emoluments are as follows:

2021	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
<b>Executive directors</b>					
Ding Huande	45	–	–	–	45
Luo Xiaoqian*	–	347	69	437	853
Feng Rong	–	311	65	384	760
<b>Non-executive directors</b>					
Ni Shoumin	–	–	–	–	–
Peng Xingyu	–	–	–	–	–
Zhang Zhiqiang	–	–	–	–	–
Li Pengyun	–	–	–	–	–
Wang Xiaobo	–	–	–	–	–
Gou Wei (Note i)	–	–	–	–	–
Hao Bin (Note ii)	–	–	–	–	–
<b>Independent non-executive directors</b>					
Feng Zhenping	140	–	–	–	140
Li Xingchun	140	–	–	–	140
Li Menggang (Note iii)	70	–	–	–	70
Wang Yuesheng (Note iv)	70	–	–	–	70
Wang Dashu (Note v)	70	–	–	–	70
Zong Wenlong (Note vi)	70	–	–	–	70
<b>Supervisors</b>					
Chen Wei	–	–	–	–	–
Ma Jingan	–	302	63	371	736
Zhang Peng	–	287	63	349	699
	<b>605</b>	<b>1,247</b>	<b>260</b>	<b>1,541</b>	<b>3,653</b>

\* Mr. Luo Xiaoqian, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

- (i) Mr. Gou Wei resigned as non-executive director on 27 January 2021.
- (ii) Mr. Hao Bin resigned as non-executive director on 27 January 2021.
- (iii) Mr. Li Menggang was appointed as independent non-executive director on 30 June 2021.
- (iv) Mr. Wang Yuesheng was appointed as independent non-executive director on 30 June 2021.
- (v) Mr. Wang Dashu resigned as non-executive director on 30 June 2021.
- (vi) Mr. Zong Wenlong resigned as non-executive director on 30 June 2021.
- (vii) No directors, supervisors, or the chief executive of the Company waived any remuneration in 2021 (2020: Nil) and their emoluments shown above were mainly for their services as directors of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 12 DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS (Continued)

Details of directors', chief executives' and supervisors' emoluments are as follows: (Continued)

2020	Directors' and supervisors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement benefits RMB'000	Bonuses RMB'000	Total RMB'000
<b>Executive directors</b>					
Tian Hongbao* (Note i)	–	87	15	117	219
Chen Cunlai (Note ii)	–	264	44	351	659
Wang Xuxiang (Note iii)	–	–	–	–	–
Ding Huande (Note iv)	–	–	–	–	–
Feng Rong (Note v)	–	311	53	412	776
Luo Xiaoqian** (Note vi)	–	203	40	273	516
<b>Non-executive directors</b>					
Gou Wei	–	–	–	–	–
Wang Xiaobo	–	–	–	–	–
Ni Shoumin	–	–	–	–	–
Chen Haibin (Note vii)	–	–	–	–	–
Tao Yunpeng (Note viii)	–	–	–	–	–
Hao Bin (Note ix)	–	–	–	–	–
Peng Xingyu (Note x)	–	–	–	–	–
<b>Independent non-executive directors</b>					
Ding Huiping (Note xi)	70	–	–	–	70
Wang Dashu	140	–	–	–	140
Zong Wenlong	140	–	–	–	140
Wang Chuanshun (Note xii)	70	–	–	–	70
Feng Zhenping (Note xiii)	70	–	–	–	70
Li Xingchun (Note xiv)	70	–	–	–	70
<b>Supervisors</b>					
Peng Xingyu (Note xv)	–	–	–	–	–
Yuan Yanan (Note xvi)	–	44	9	56	109
Zha Jianqiu (Note xvii)	–	60	–	–	60
Ma Jingan	–	296	53	389	738
Chen Wei	–	–	–	–	–
Zhang Peng (Note xviii)	–	144	28	187	359
	560	1,409	242	1,785	3,996

\* Before 25 March 2020, Mr. Tian Hongbao, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

\*\* Since 30 June 2020, Mr. Luo Xiaoqian, executive director, was also general manager of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Notes:

- (i) Mr. Tian Hongbao resigned as executive director on 25 March 2020.
- (ii) Mr. Chen Cunlai resigned as executive director on 30 June 2020.
- (iii) Mr. Wang Xuxiang resigned as executive director on 28 October 2020.
- (iv) Mr. Ding Huande was appointed as executive director on 28 October 2020.
- (v) Mr. Feng Rong was appointed as executive director on 30 June 2020.
- (vi) Mr. Luo Xiaoqian was appointed as executive director on 30 June 2020.
- (vii) Mr. Chen Haibin resigned as non-executive director on 30 June 2020.
- (viii) Mr. Tao Yunpeng resigned as non-executive director on 30 June 2020.
- (ix) Mr. Hao Bin was appointed as non-executive director on 30 June 2020.
- (x) Mr. Peng Xingyu was appointed as non-executive director on 30 June 2020.
- (xi) Mr. Ding Huiping resigned as independent non-executive director on 30 June 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 12 DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' EMOLUMENTS (Continued)

Notes: (Continued)

- (xii) Mr. Wang Chuanshun resigned as independent non-executive director on 30 June 2020.
- (xiii) Mr. Feng Zhenping was appointed as independent non-executive director on 30 June 2020.
- (xiv) Mr. Li XingChun was appointed as independent non-executive director on 30 June 2020.
- (xv) Mr. Peng Xingyu resigned as supervisor on 8 May 2020.
- (xvi) Ms. Yuan Yanan resigned as supervisor on 30 June 2020.
- (xvii) Mr. Zha Jianqiu resigned as supervisor on 30 June 2020.
- (xviii) Mr. Zhang Peng was appointed as supervisor on 30 June 2020.

### 13 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two director (2020: one director), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining three (2020: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	937	1,217
Retirement benefits	201	213
Bonus	1,157	1,605
	<b>2,295</b>	3,035

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within following bands is as follows:

	2021 Number of Individuals	2020 Number of Individuals
Nil – Hong Kong Dollars ("HK\$") 1,000,000	3	4

### 14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 RMB'000	2020 RMB'000
<b>Current tax – PRC Enterprise Income Tax</b> (note 36(a))		
Charge for the year	416,058	1,574,744
(Over)/under-provision in respect of prior years	(11,729)	12,850
	<b>404,329</b>	1,587,594
<b>Deferred tax</b> (note 36(b))		
Origination and reversal of temporary differences and tax losses	(2,179,053)	(371,392)
Income tax (credit)/expense in the consolidated statement of profit or loss and other comprehensives income	<b>(1,774,724)</b>	1,216,202



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

#### (b) Reconciliation between income tax and accounting (loss)/profit at applicable tax rates:

	2021 RMB'000	2020 RMB'000
(Loss)/profit before taxation	<b>(6,990,613)</b>	6,891,833
Notional PRC enterprise income tax expense at a statutory tax rate of 25% (2020: 25%)	<b>(1,747,653)</b>	1,722,958
Tax effect of non-deductible expenses	<b>91,032</b>	82,966
Tax effect of non-taxable income	<b>(1,051,325)</b>	(6,100)
Preferential tax rate on subsidiaries' profit or loss (Note (a))	<b>(224,970)</b>	(204,470)
Tax credit (Note (b))	–	(40,613)
Tax effect of share of results of associates and joint ventures	<b>(617,552)</b>	(130,389)
Tax effect of tax losses and deductible temporary differences not recognised	<b>1,795,520</b>	250,077
Utilisation of tax losses and deductible temporary differences previously not recognised	<b>(8,047)</b>	(471,077)
(Over)/under-provision in respect of prior years	<b>(11,729)</b>	12,850
	<b>(1,774,724)</b>	1,216,202

Notes:

- (a) The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25% (2020: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant enterprise income tax rules and regulations, except for certain subsidiaries of the Group, which are tax exempted or taxed at preferential rates of 7.5%, 12%, 12.5% or 15% (2020: 7.5%, 12.5% or 15%).
- (b) Tax credit represents additional deductions in relation to equipment for environmental protection pursuant to the applicable PRC tax laws and regulations.

### 15 OTHER COMPREHENSIVE INCOME

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

### 16 (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

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

	2021 RMB'000	2020 RMB'000
(Loss)/profit attributable to equity holders of the Company	<b>(3,341,982)</b>	4,166,756
Less: Profit attributable to holders of perpetual capital securities (note 39(e))	<b>(1,023,261)</b>	(917,861)
(Loss)/profit attributable to equity shareholders	<b>(4,365,243)</b>	3,248,895
Weighted average number of ordinary shares in issue (Rounded to the nearest thousand)	<b>9,864,768</b>	9,862,977
Basic (loss)/earnings per share (RMB)	<b>(0.443)</b>	0.329

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 16 (LOSS)/EARNINGS PER SHARE (Continued)

#### (b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume exercise/conversion of all dilutive potential ordinary shares. During the year ended 31 December 2021, the Company has 1 category of dilutive potential ordinary shares: convertible bonds (note 32).

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

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

### 17 PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Generators, machinery and equipment <i>RMB'000</i>	Mining structures and mining rights <i>RMB'000</i>	Motor vehicles, furniture, fixtures, equipment and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>					
At 1 January 2020	67,182,395	169,258,563	10,659,100	6,315,754	253,415,812
Additions	15,739	999,265	40,678	133,446	1,189,128
Transferred from construction in progress (note 19)	2,997,464	8,906,969	–	690,418	12,594,851
Disposals/write-offs	(109,093)	(1,391,657)	(487,426)	(237,889)	(2,226,065)
<b>At 31 December 2020 and 1 January 2021</b>	<b>70,086,505</b>	<b>177,773,140</b>	<b>10,212,352</b>	<b>6,901,729</b>	<b>264,973,726</b>
Additions	246,401	1,123,765	–	367,150	1,737,316
Acquisition of subsidiaries (note 48)	1,763,438	4,115,640	–	164,894	6,043,972
Transferred from construction in progress (note 19)	1,241,899	13,567,998	–	512,615	15,322,512
Transfer to investment properties	(32,739)	–	–	–	(32,739)
Disposals/write-offs	(985,941)	(3,029,424)	(2,650,743)	(234,842)	(6,900,950)
Disposal of subsidiaries	(6,195,509)	(47,131,704)	(1,540,036)	(2,954,434)	(57,821,683)
<b>At 31 December 2021</b>	<b>66,124,054</b>	<b>146,419,415</b>	<b>6,021,573</b>	<b>4,757,112</b>	<b>223,322,154</b>
<b>Accumulated depreciation and impairment</b>					
At 1 January 2020	19,072,977	67,285,146	4,064,286	3,263,818	93,686,227
Charge for the year	2,396,467	7,807,982	131,493	753,271	11,089,213
Written back on disposals	(72,950)	(865,400)	(416,305)	(228,066)	(1,582,721)
Impairment loss (note (i))	10,671	151,991	1,304,223	10,039	1,476,924
<b>At 31 December 2020 and 1 January 2021</b>	<b>21,407,165</b>	<b>74,379,719</b>	<b>5,083,697</b>	<b>3,799,062</b>	<b>104,669,643</b>
Charge for the year	2,385,341	7,810,447	–	790,528	10,986,316
Written back on disposals	(634,842)	(1,432,105)	(29,247)	(166,342)	(2,262,536)
Disposal of subsidiaries	(1,626,503)	(12,572,018)	(158,356)	(1,684,897)	(16,041,774)
Transfer to investment properties	(9,327)	–	–	–	(9,327)
Impairment loss (note (i))	43,700	226,699	–	32,507	302,906
<b>At 31 December 2021</b>	<b>21,565,534</b>	<b>68,412,742</b>	<b>4,896,094</b>	<b>2,770,858</b>	<b>97,645,228</b>
<b>Net book value</b>					
At 31 December 2021	44,558,520	78,006,673	1,125,479	1,986,254	125,676,926
At 31 December 2020	48,679,340	103,393,421	5,128,655	3,102,667	160,304,083

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 17 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) Impairment loss

Each power generation plant or coal mining company constitutes a CGU. During the current year, the management assessed the carrying value of the property, plant and equipment related to power generation plants, after taking into account the Group's future power generation operating plans and the outlook for the industry. In addition, in the assessment of the carrying value of the property, plant and equipment related to coal mining companies, the management takes into account the changes in the external market, such as the pandemic of Covid-19, the coal production and operation efficiency of the Group. Based on the impairment testing results, the carrying value of property, plant and equipment of the Group were impaired by approximately RMB303 million (2020: RMB1,477 million), with impairment losses recognised accordingly.

The recoverable amount of the relevant CGUs had been determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by the management covering a five-year period (2020: five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2020: zero growth rates). The cash flows are discounted using a discount rate from 7.00% to 11.00% (2020: 7.88% to 12.11%). The discount rates used are pre-tax and reflect specific risks relating to the relevant group of assets.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of these units.

(ii) Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, which had an aggregate net book value of approximately RMB2,399 million as at 31 December 2021 (2020: RMB3,159 million).

(iii) At 31 December 2021, the carrying value of property, generators and related machinery of property, plant and equipment held as collateral of the sales and leaseback agreement signed by the Group for financing purposes (note 31(d)) during the year was approximately RMB1,185 million (2020: RMB1,103 million).

### 18 LEASES

#### The Group as a lessee

The Group has lease contracts for various items of buildings, generators, machinery and equipment, land use rights, sea use rights and motor vehicles were used in its operations. Leases of buildings, generators, machinery and equipment generally have lease terms between 6 months and 45 years (2020: between 6 months and 45 years), while land use rights and sea use rights generally have lease terms between 10 and 70 years (2020: between 10 and 70 years). For motor vehicles, generally have lease terms of 12 months or less as at 31 December 2021 and 2020. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

(i) The carrying amounts of the Group's right-of-use assets are as follows:

	2021 RMB'000	2020 RMB'000
Buildings	146,512	86,077
Generators, machinery and equipment	771,831	1,935,145
Land use rights and sea use rights	5,579,059	5,512,183
<b>Total</b>	<b>6,497,402</b>	<b>7,533,405</b>

Additions to the right-of-use assets during the year ended 31 December 2021 were RMB268,105,000 (2020: RMB269,266,000).

(ii) Depreciation charge of right-of-use assets is as follows:

	2021 RMB'000	2020 RMB'000
Buildings	63,791	62,881
Generators, machinery and equipment	103,763	177,178
Land use rights and sea use rights	146,548	160,105
Motor vehicles, furniture, fixtures, equipment and others	-	16
<b>Total</b>	<b>314,102</b>	<b>400,180</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 18 LEASES (Continued)

#### (b) Lease liabilities

Future lease payments are due as follows:

	At 31 December 2021		
	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	262,894	22,064	240,830
Later than one year and not later than two years	281,153	19,123	262,030
Later than two years and not later than five years	58,127	7,209	50,918
Later than five years	24,165	9,556	14,609
	<b>626,339</b>	<b>57,952</b>	<b>568,387</b>
	At 31 December 2020		
	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
Not later than one year	695,705	53,773	641,932
Later than one year and not later than two years	348,440	49,216	299,224
Later than two years and not later than five years	577,426	79,703	497,723
Later than five years	457,541	79,405	378,136
	2,079,112	262,097	1,817,015
		2021 RMB'000	2020 RMB'000
Analysed into:			
Current portion		240,830	641,932
Non-current portion		327,557	1,175,083

The weighted average incremental borrowing rates applied to lease liabilities range from 4.66% to 5.39% (2020: 4.17% to 5.39%). The total cash outflow for leases for the year ended 31 December 2021 was RMB1,449,210,000 (2020: RMB1,264,082,000).

### 19 CONSTRUCTION IN PROGRESS

	2021 RMB'000	2020 RMB'000
At 1 January	22,361,667	16,657,612
Additions	9,421,147	18,310,905
Acquisition of subsidiaries (note 48)	1,379,762	–
Transferred to property, plant and equipment (note 17)	(15,322,512)	(12,594,851)
Disposal of subsidiaries	(1,671,339)	–
Impairment loss (Note)	(361,305)	(11,999)
At 31 December	<b>15,807,420</b>	22,361,667

Note:

During the current year, certain projects of the Group were identified that they have no economic value for further development or the likelihood to obtain preliminary approval by the National Development and Reform Commission or its local agencies is remote. As a result, the carrying amount of related preliminary projects of approximately RMB361 million (2020: RMB12 million) was fully impaired as of 31 December 2021. The recoverable amounts of these assets are based on their fair value less costs of disposal. In addition, amounting to approximately RMB320 million of certain preliminary projects which had been fully impaired was written off in 2021 (2020: RMB13.2 million). As of 31 December 2021, the accumulated impairment loss of construction in progress was approximately RMB405 million (2020: RMB364 million).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 20 INTANGIBLE ASSETS

	Concession assets <i>RMB'000</i>	Development right of hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Cost</b>				
At 1 January 2020	3,682,053	1,382,954	896,343	5,961,350
Additions (note 25)	68,099	–	143,280	211,379
Disposals	(927)	–	(11,439)	(12,366)
<b>At 31 December 2020 and 1 January 2021</b>	<b>3,749,225</b>	<b>1,382,954</b>	<b>1,028,184</b>	<b>6,160,363</b>
Additions	–	–	144,932	144,932
Disposal of subsidiaries	(3,682,186)	–	(248,956)	(3,931,142)
Disposals	–	–	(59,804)	(59,804)
<b>At 31 December 2021</b>	<b>67,039</b>	<b>1,382,954</b>	<b>864,356</b>	<b>2,314,349</b>
<b>Accumulated amortisation</b>				
At 1 January 2020	1,373,388	5,700	349,530	1,728,618
Charge for the year	155,284	11,249	102,824	269,357
Written back on disposals	(927)	–	(426)	(1,353)
<b>At 31 December 2020 and 1 January 2021</b>	<b>1,527,745</b>	<b>16,949</b>	<b>451,928</b>	<b>1,996,622</b>
Charge for the year	120,265	14,685	70,429	205,379
Disposal of subsidiaries	(1,644,137)	–	(129,667)	(1,773,804)
Written back on disposals	–	–	(14,475)	(14,475)
<b>At 31 December 2021</b>	<b>3,873</b>	<b>31,634</b>	<b>378,215</b>	<b>413,722</b>
<b>Net book value</b>				
At 31 December 2021	63,166	1,351,320	486,141	1,900,627
At 31 December 2020	2,221,480	1,366,005	576,256	4,163,741

Intangible assets of the Group's consolidated statement of financial position mainly represent concession assets to operate wind power plants granted by the government under service concession arrangements, and development right of hydropower.

Development right of hydropower was obtained through acquisition of Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe Company") in 2011. As at the acquisition date, all preliminary hydropower projects of Shuiluohe Company had obtained approval for basic development and preliminary work from the Development and Reform Commission of Sichuan Province. Amortisation of development right of hydropower has started after related hydropower plants are put into operation over its estimated useful life on a straight-line basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 21 GOODWILL

	2021 RMB'000	2020 RMB'000
<b>Cost</b>		
At 1 January	1,448,813	1,448,813
Arising on acquisition of subsidiaries (note 48)	389,538	–
At 31 December	1,838,351	1,448,813
<b>Impairment losses</b>		
At 1 January	215,447	121,291
Impairment loss recognised during the year (note 11)	423,203	94,156
At 31 December	638,650	215,447
<b>Net book value</b>		
At 31 December	1,199,701	1,233,366

The carrying amount of goodwill at the end of the reporting period is attributable to below subsidiaries or power plants:

	2021 RMB'000	2020 RMB'000
Huadian Weifang Power Generation Company Limited	20,845	20,845
Hebei Huadian Shijiazhuang Thermal Power Company Limited	99,946	99,946
Hangzhou Huadian Banshan Power Generation Company Limited	59,322	59,322
Hebei Huarui Energy Group Corporation Limited	38,491	38,491
Huadian Longkou Power Generation Company Limited (“Longkou Company”)	5,111	327,420
Shaoguan Pingshi Power Plant Company Limited (Plant B) (“Pingshi Plant B”)	62,161	163,055
Lixian Star River Hydropower Company Limited	89,184	89,184
Hubei Power Generation	427,679	427,679
Hunan Area Companies (note 48)	389,538	–
Others	7,424	7,424
<b>Total</b>	<b>1,199,701</b>	<b>1,233,366</b>

During the year ended 31 December 2021, the Group recognised an impairment loss of approximately RMB423 million (2020: RMB94 million).

The basis of the recoverable amounts of the CGUs containing goodwill and their major underlying assumptions are summarised below:

The recoverable amounts of the CGUs are determined based on value in use calculations. These calculations use cash flow projections based on financial forecasts prepared by management covering a five-year period (2020: a five-year period). Cash flows beyond the five-year period are projected using zero growth rates (2020: zero growth rates). The cash flows are discounted using a discount rate of 8.53% (2020: 7.88%). The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. Management believes that, except for Longkou Company and Pingshi Plant B, any reasonably possible change in any of these assumptions would not cause the carrying amount to exceed the recoverable amount of these units. For Longkou Company and Pingshi Plant B, as the carrying values of these CGUs have been reduced to their recoverable amounts, any adverse change in the assumptions used in the calculations of recoverable amounts would result in further impairment losses.

Other assumptions for the value in use calculations include the expected sales price of electricity, demands of electricity in specific regions where these power plants are located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 22 INTERESTS IN ASSOCIATES AND JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	37,366,121	12,122,513
Less: impairment loss	(99,290)	(99,290)
	37,266,831	12,023,223
Fair value of listed investment (Note)	299,266	279,120

Note: The fair value of the listed investment is determined based on the quoted market bid price at the Shenzhen stock exchange in the PRC multiplied by the quantity of share held by the Group.

#### (a) General information of associates

The following list contains only the particulars of associates as at 31 December 2021, all of which are limited liability companies established and operating in the PRC, which principally affected the results, assets or liabilities of the Group:

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Otog Front Banner Changcheng No.3 Mining Company Limited 鄂托克前旗長城三號礦業有限公司 ("Changcheng No.3 Mining")	1,246,307	35	–	Production and sale of coal
China Huadian Finance Corporation Limited ("China Huadian Finance") 中國華電集團財務有限公司	5,541,117	14.85 (Note (i))	–	Provision of corporate financial service to its group companies
Huadian Coal Industry Group Company Limited ("Huadian Coal") 華電煤業集團有限公司	3,657,143	11.82 (Note (i))	1.16	Provision of coal procurement service
Ningxia Yinxing Coal Company Limited ("Yinxing Coal") 寧夏銀星煤業有限公司	1,069,950	50 (Note (ii))	–	Production and sale of coal
Otog Front Banner Changcheng No. 5 Mining Company Limited ("Changcheng No.5 Mining") 鄂托克前旗長城五號礦業有限公司	653,995	35	–	Production and sale of coal
Otog Front Banner Zhengtai Trading Company Limited 鄂托克前旗正泰商貿有限公司	6,770	35	–	Production and sale of coal
Huadian Property Company Limited 華電置業有限公司	2,697,500	8.31 (Note (i))	1.08	Property development
Huadian Jinshajiang Upstream Hydropower Development Company Limited ("Jinshajiang Hydropower Company") 華電金沙江上游水電開發有限公司	4,977,486	12 (Note (iii))	–	Generation and sale of electricity
Otog Front Banner Changcheng Mine Company Limited ("Changcheng Mine") 鄂托克前旗長城煤礦有限公司	756,270	35	–	Sale of mines machinery and accessory
Inner Mongolia Fucheng Mining Company Limited ("Fucheng Mining Company") 內蒙古福城礦業有限公司	937,369	35	–	Sale of ores steels products
Ningxia Western Venture Industrial Co., Ltd. ("Ningxia West") 寧夏西部創業實業股份有限公司	1,458,375	4.87 (Note (i))	–	Railway development and management
CNNP CHD Hebei Nuclear Power Company Limited ("Hebei Nuclear Power") 中核華電河北核電有限公司	369,202	39	–	Generation and sale of electricity
Huadian Fuxin Energy Development Co., Ltd. ("Fuxin Development") 華電福新能源發展有限公司	5,897,473	31.03 (Note (iv))	–	Generation and sale of electricity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 22 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### (a) General information of associates (Continued)

Notes:

- (i) According to the articles of association of these companies, the Company has representations in the board of directors and therefore can participate in the financial and operating policy decisions of these companies so as to have significant influence in their activities.
- (ii) The Group holds 50% ownership of Yinxing Coal. According to the articles of associations of Yinxing Coal, the financial and operating policy decisions do not require unanimous consent of the parties sharing control. Thus, Yinxing Coal is accounted for as an associate of the Company.
- (iii) During the year ended 31 December 2021, the Company has made an additional capital injection in Jinshajiang Hydropower Company amounting to RMB120,384,000.
- (iv) On 15 June 2021, the Company has made a capital injection in Fuxin Development amounting to RMB21,541,700,000 in exchange for its 37.19% equity interests (note 47). In December 2021, following a capital increase agreement of Fuxin Development, the shareholding of the Company has been subsequently diluted to 31.03% (note 22(d)).
- (v) The English translation of the names is for identification only. The official names of these entities are in Chinese.

#### (b) Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

##### (i) Huadian Coal

	2021 RMB'000	2020 RMB'000
Current assets	18,882,326	8,106,267
Non-current assets	53,562,318	48,926,909
Current liabilities	(18,201,945)	(14,841,848)
Non-current liabilities	(20,226,412)	(18,838,008)
	2021 RMB'000	2020 RMB'000
Revenue	39,776,525	20,886,596
Profit for the year	13,675,761	3,696,653
Other comprehensive income for the year	213,784	-
Total comprehensive income for the year	13,889,545	3,696,653
Dividends received during the year	207,680	100,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Huadian Coal recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets	34,016,287	23,353,320
Non-controlling interests of Huadian Coal	(12,942,874)	(9,095,901)
Proportion of the Group's ownership interest	12.98%	12.98%
Carrying amount of the Group's interest	2,735,329	1,850,613

##### (ii) China Huadian Finance

	2021 RMB'000	2020 RMB'000
Current assets	8,916,047	6,499,614
Non-current assets	56,420,595	43,886,157
Current liabilities	(55,444,381)	(40,995,129)
Non-current liabilities	(86,645)	(1,038,724)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 22 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### (b) Summarised financial information of material associates (Continued)

##### (ii) China Huadian Finance (Continued)

	2021 RMB'000	2020 RMB'000
Revenue	1,529,621	1,325,066
Profit for the year	949,025	918,869
Other comprehensive income for the year	180	35,236
Total comprehensive income for the year	949,205	954,105
Dividends received during the year	80,390	130,766

Reconciliation of the above summarised financial information to the carrying amount of the interest in China Huadian Finance recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets	9,805,616	8,351,918
Proportion of the Group's ownership interest	14.85%	16.46%
Goodwill recognised at acquisition	21,435	21,435
Carrying amount of the Group's interest	1,477,569	1,396,161

##### (iii) Yinxing Coal

	2021 RMB'000	2020 RMB'000
Current assets	319,115	105,987
Non-current assets	2,741,059	2,075,934
Current liabilities	(1,162,077)	(750,881)
Non-current liabilities	(459,885)	(558,134)

	2021 RMB'000	2020 RMB'000
Revenue	987,123	586,026
Profit for the year	246,205	6,267
Other comprehensive income for the year	-	-
Total comprehensive income for the year	246,205	6,267
Dividends received during the year	84,884	25,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in Yinxing Coal recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets	1,438,212	872,906
Proportion of the Group's ownership interest	50%	50%
Effect of fair value adjustments at acquisition	358,418	359,655
Carrying amount of the Group's interest	1,077,524	796,108

##### (iv) Fuxin Development

	2021 RMB'000	2020 RMB'000
Current assets	43,517,091	-
Non-current assets	189,166,009	-
Current liabilities	(63,343,620)	-
Non-current liabilities	(89,918,397)	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 22 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### (b) Summarised financial information of material associates (Continued)

##### (iv) Fuxin Development (Continued)

	2021 RMB'000	2020 RMB'000
Revenue	21,158,799	–
Profit for the year	7,428,872	–
Other comprehensive income for the year	102,582	–
Total comprehensive income for the year	7,531,454	–
Dividends received during the year	327,980	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuxin development recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets	79,421,083	–
Non-controlling interests of Fuxin Development	(3,067,722)	–
Proportion of the Group's ownership interest	31.03%	–
Carrying amount of the Group's interest	23,692,448	–

#### (c) Aggregate information of associates and joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of loss and total comprehensive expenses for the year	(466,131)	(112,666)
Aggregate carrying amount of the Group's interests in these associates and joint ventures	8,283,960	7,980,340

The joint ventures held by the Group are not material to the consolidated financial statements.

#### (d) Disposal of investments in associates

During the year ended 31 December 2021, the Group disposed of its 38.13% equity interest in Hebei Huadian Guyuan Wind Power Company Limited (“河北華電沽源風電有限公司”); 39.62% equity interest in Hebei Huadian Yuzhou Wind Power Company Limited (“河北華電蔚州風電有限公司”) and 36.08% equity interest in Huadian International Ningxia New Energy Power Company Limited (“華電國際寧夏新能源發電有限公司”), respectively. The carrying amount of investment was RMB2,639,947,000 at the date of disposal and the cash consideration was RMB2,759,101,000, resulting in a gain on disposal of RMB119,154,000.

During the year ended 31 December 2020, the Group disposed of its 50% and 30% equity interest in Ningxia Zhongning Power Generation Company Limited (“寧夏中寧發電有限責任公司”) and Longyao Tianwei Thermal Power Company Limited (“隆堯天唯熱電有限公司”), respectively. The carrying amount of investment was RMB120,507,000 at the date of disposal and the cash consideration was RMB190,387,000, resulting in a gain on disposal of RMB69,880,000.

	2021 RMB'000	2020 RMB'000
Proceeds of disposal	2,759,101	190,387
Less: carrying amount of the investment disposed	(2,639,947)	(120,507)
Gain recognised (note 8)	119,154	69,880
Total consideration received in cash	2,759,101	190,387

#### (e) Deemed partial disposal of Fuxin Development

In December 2021, Fuxin Development further entered into a capital increase agreement with multiple parties, who have injected approximately RMB15 billion in exchange for approximately 16.57% equity interest in Fuxin Development. Accordingly, the Group's equity interest in Fuxin Development was diluted from 37.19% to approximately 31.03% and a dilution gain on investment in an associate of RMB1,690,603,000 (note 8) was recognised during the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 22 INTERESTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### (f) Where the Group has unrecognised share of losses of associates

	2021 RMB'000	2020 RMB'000
The unrecognised share of loss of associates for the year	<b>(136,085)</b>	–
Cumulative unrecognised share of loss of associates	<b>(184,213)</b>	(48,128)

### 23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Unlisted investments: – Equity securities At FVPL	<b>330,064</b>	307,890

The above unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC.

The fair value of unlisted equity securities is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.

### 24 OTHER NON-CURRENT ASSETS

	2021 RMB'000	2020 RMB'000
Financial assets		
– Other long-term receivables with fixed-rate and non-current feature (Note (i))	<b>254,430</b>	170,066
Deductible Value Added Tax and other tax	<b>1,434,315</b>	2,775,488
Deferred differences arising from sales and leaseback arrangements and others (Note (ii))	<b>73,350</b>	180,893
	<b>1,762,095</b>	3,126,447

Notes :

- (i) Other long-term receivables are balances due from an associate (note 40(a)).
- (ii) Deferred differences arising from sales and leaseback arrangements represent the deficit of sale proceeds over the carrying amounts of the assets disposed under the sales and leaseback arrangements which resulted in finance lease. The differences are deferred and amortised as adjustments to the depreciation of the assets over their estimated useful lives.

### 25 SERVICE CONCESSION ARRANGEMENT

The Group entered into to certain service concession agreements with local governments (the “Grantors”) to construct and operate wind power plants during the concession period, which is normally for 25 years of operation. The Group is responsible for construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group needs to dispose of the wind power plants to local government at nil consideration. Service concession construction revenue represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted. In 2021, no additions to concession assets were recognised for service concession arrangement (2020: approximately RMB68 million) (note 20).

The Group has recognised intangible assets (note 20) related to the service concession arrangement representing the right the Group receives to charge a fee for sales of electricity. The Group has not recognised service concession receivables as the Grantor will not provide the Group any guaranteed minimum payment for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 26 INVENTORIES

	2021 RMB'000	2020 RMB'000
Coal, gas and stalk	5,405,703	1,622,707
Fuel oil	52,340	49,066
Materials, components and spare parts	672,849	676,037
	<b>6,130,892</b>	2,347,810

All of the inventories for future usage and sales are expected to be utilised within one year.

### 27 TRADE DEBTORS AND BILLS RECEIVABLE

	2021 RMB'000	2020 RMB'000
Trade debtors and bills receivable for the sale of electricity	8,187,764	9,437,658
Trade debtors and bills receivable for the sale of heat	841,053	846,628
Trade debtors and bills receivable for the sale of coal	565,380	1,709,518
	<b>9,594,197</b>	11,993,804
Less: allowance for impairment	<b>(328,917)</b>	(274,361)
	<b>9,265,280</b>	11,719,443
	<b>2021 RMB'000</b>	<b>2020 RMB'000</b>
Analysed into:		
– At amortised cost	8,839,157	10,411,862
– At FVOCI (Note (i))	755,040	1,581,942
	<b>9,594,197</b>	11,993,804

Notes:

- (i) The Group's bills receivables are managed with a business model under which bills receivables are held to collect contractual cash flows or endorsed to suppliers prior to their expiry date. Accordingly, these bills receivables are classified as financial assets at fair value through other comprehensive income.
- (ii) As at 31 December 2021, bank acceptance bills discounted of approximately RMB1,858 million (2020: RMB3,537 million) were derecognised by the Group (the "Derecognised Bills"). In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. Losses related to derecognition of the Derecognised Bills was approximately RMB37 million (2020: RMB50 million) in total and charged into profit or loss.
- (iii) As at 31 December 2021, trade receivables amounted to approximately RMB2,959 million (2020: RMB5,288 million) had been factored to a bank on a non-recourse basis. These trade receivables were derecognised as the Group had transferred substantially all risks and rewards relating to the trade receivables to the bank under the non-recourse factoring agreements. Losses related to derecognition of the derecognised trade receivables was approximately RMB0.8 million (2020: RMB1.8 million) in total and charged into profit or loss.

#### (a) Ageing analysis

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 27 TRADE DEBTORS AND BILLS RECEIVABLE (Continued)

#### (b) Impairment of trade debtors and bills receivable

Impairment loss in respect of trade debtors and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivable directly (see note 2(m)(i)).

The movement in allowance for impairment during the year is as follows:

	2021 RMB'000	2020 RMB'000
At 1 January	274,361	288,254
Impairment loss recognised	103,590	15,042
Reversal of impairment loss	(5,959)	(303)
Write-off	(43,075)	(28,632)
At 31 December	328,917	274,361

At 31 December 2021, the Group's trade debtors and bills receivable totalling of approximately RMB104 million (2020: RMB15 million) were individually determined to be impaired. A write-off of trade debtors and bills receivable with a gross carrying amount of approximately RMB47 million (2020: RMB697 million) resulted in a decrease in loss allowance of approximately RMB43 million (2020: RMB29 million). The Group does not hold any collateral over these balances.

The information about the ECLs on the Group's trade debtors and bills receivable are disclosed in note 44(b).

### 28 DEPOSITS, OTHER RECEIVABLES AND PREPAYMENTS

	2021 RMB'000	2020 RMB'000
Financial assets		
– Dividends receivable	591,647	536,672
– Deposits	28,214	94,186
– Consideration receivables	933,554	25,667
– Machinery and equipment related receivables	543,123	–
– Other receivables	1,092,270	1,213,116
	3,188,808	1,869,641
Less: allowance for impairment (Note)	(503,868)	(558,784)
	2,684,940	1,310,857
Deductible Value Added Tax	2,728,996	1,722,095
Prepayments	2,066,807	842,651
Others	73,514	157,890
	7,554,257	4,033,493

Note:

ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2021, ECLs of deposits and other receivables of the Group amounted to approximately RMB504 million (2020: RMB559 million), including allowance for impairment on other receivables on Certified Emission Reductions of approximately RMB51 million (2020: RMB85 million).

The information about the ECLs on the Group's deposits and other receivables are disclosed in note 44(b).

### 29 RESTRICTED DEPOSITS

Restricted deposits mainly represent performance bonds and frozen deposits at banks and other financial institutions with maturity of over three months.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 30 CASH AND CASH EQUIVALENTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cash at bank and in hand	688,571	905,651
Cash at other financial institutions	5,256,496	5,592,806
	<b>5,945,067</b>	6,498,457

### 31 BORROWINGS

#### (a) Bank loans

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Due:		
Within 1 year		
– short-term bank loans	23,908,939	18,627,711
– current portion of long-term bank loans	6,059,554	6,939,117
	<b>29,968,493</b>	25,566,828
After 1 year but within 2 years	7,760,968	7,268,564
After 2 years but within 5 years	19,251,362	16,608,228
After 5 years	18,341,280	26,613,856
	<b>45,353,610</b>	50,490,648
	<b>75,322,103</b>	76,057,476

As at 31 December 2021, all of the bank loans are unsecured, except for amounts of approximately RMB11,361 million (2020: RMB18,200 million) in total which are secured by the income stream in respect of the sale of electricity and trade debtors for the sale of electricity and heat of certain subsidiaries, amounts of approximately RMB1,354 million (2020: RMB1,644 million) in total which are secured by lease prepayments and property, plant and equipment with an aggregate carrying amount of approximately RMB1,851 million (2020: RMB2,999 million) of certain subsidiaries and amounts of approximately RMB1 million (2020: RMB552 million) in total are secured by guarantee from China Huadian (as defined below) and independent third parties. None of the bank loans contain financial covenants.

Details of the currencies, interest rates and maturity dates of bank loans are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>RMB loans</b>		
Floating interest rates ranging from 2.80% to 5.39% (2020: 2.30% to 5.87%) per annum with maturities up to 2043	50,060,599	61,685,196
Fixed interest rates ranging from 2.35% to 4.60% (2020: 1.85% to 5.22%) per annum with maturities up to 2024	25,260,528	14,360,311
<b>Euro loans</b>		
Fixed interest rate of 2.50% (2020: 2.50%) per annum with maturity up to 2022	976	11,969
	<b>75,322,103</b>	76,057,476

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 31 BORROWINGS (Continued)

#### (b) Loans from shareholders

	2021 RMB'000	2020 RMB'000
Due:		
Within 1 year		
– current portion of long term loans from shareholders	617,054	700,000
After 1 year but within 2 years	4,100,000	500,000
After 2 years but within 5 years	679,400	4,407,768
After 5 years	800,000	1,100,000
	5,579,400	6,007,768
	6,196,454	6,707,768

All of the loans from shareholders are unsecured and denominated in RMB. Details of the interest rates and maturity dates of loans from shareholders are as follows:

	2021 RMB'000	2020 RMB'000
<b>Loans from China Huadian</b>		
Floating interest rates ranging from 3.39% to 4.00% (2020: 4.28% to 4.75%) per annum, with maturities up to 2023	662,527	600,000
Fixed interest rates ranging from 3.34% to 5.00% (2020: 3.34% to 5.00%) per annum, with maturities up to 2024	5,526,070	6,100,000
<b>Others</b>		
Floating interest rate of 4.90% per annum as at 31 December 2020, with maturities up to 2030	–	7,768
Fixed interest rate of 4.60% per annum as at 31 December 2021, with maturities up to 2023	7,857	–
	6,196,454	6,707,768

#### (c) State loans

	2021 RMB'000	2020 RMB'000
Due:		
Within 1 year		
– current portion of long-term state loans	1,733	1,926
After 1 year but within 2 years	917	1,926
After 2 years but within 5 years	5,198	5,778
After 5 years	39,269	44,668
	45,384	52,372
	47,117	54,298

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 31 BORROWINGS (Continued)

## (c) State loans (Continued)

Details of the currencies, interest rates and maturity dates of state loans are as follows:

	2021 RMB'000	2020 RMB'000
<b>Euro loan</b>		
Fixed interest rate of 0.75% (2020: 0.75%) per annum, with maturities up to 2048	<b>47,117</b>	54,298

The Euro state loan represents a loan facility maximum of approximately Euro14.50 million granted by the KfW Bankengruppe of Germany to the PRC State Government pursuant to a loan agreement entered into in December 2008 based on a series of bilateral financial cooperation agreements between The Federal Republic of Germany and the PRC State Government. The loan is to finance the Qingdao central heating system under the Energy Efficiency programme. The PRC State Government on-lent the loan facility to Qingdao Heat Company through China Agricultural Bank and is guaranteed by Qingdao Finance Bureau. At 31 December 2021, the total amount of the above state loan is approximately Euro6.53 million (2020: Euro6.77 million).

## (d) Other loans

	2021 RMB'000	2020 RMB'000
Due:		
Within 1 year		
– short-term other loans	<b>3,735,606</b>	2,151,000
– current portion of long-term other loans	<b>1,755,885</b>	1,094,524
	<b>5,491,491</b>	3,245,524
After 1 year but within 2 years	<b>1,641,986</b>	2,059,982
After 2 years but within 5 years	<b>2,614,058</b>	3,187,933
After 5 years	<b>1,447,672</b>	2,604,057
	<b>5,703,716</b>	7,851,972
	<b>11,195,207</b>	11,097,496

Other loans are borrowed from China Huadian Finance Corporation Limited (“China Huadian Finance”), an associate of the Group, and fellow subsidiaries of the Company. Other loans bear interest rates ranging from 2.85% to 5.64% per annum as at 31 December 2021 (2020: 1.50% to 6.09% per annum), with maturities from 2021 to 2041 (2020: 2020 to 2035).

During the year, the Group has 4 newly signed sales and leaseback agreements with fellow subsidiaries of the Company (note 40) and three third party financial leasing companies with contract terms of 1 year and 4 years, respectively, in order to sell certain property, generator and related machinery and equipment (note 17) and at the meantime, leased back those assets. According to the agreements, the Group has an option to buy back the equipment at a nominal price (RMB1 or nil) when the lease term expires. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period and repaid them in instalment. Meanwhile, the Group has certain financing agreements with fellow subsidiaries (note 40). As at year ended 31 December 2021, the loans mentioned above bear interest rate ranging from 1.50% to 5.64% (2020: 1.50% to 5.64%) per annum and will be due from 2022 to 2036 (2020: 2022 to 2032).

At 31 December 2021, the other loans borrowed from China Huadian Finance totalling of approximately RMB533 million (2020: RMB171 million) are secured by the income stream in respect of the sale of electricity.

At 31 December 2021, no borrowing (31 December 2020: RMB68 million) from third party financial leasing company are secured by the income stream in respect of the sale of electricity.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 31 BORROWINGS (Continued)

#### (d) Other loans (Continued)

Apart from the aforementioned secured loans, all of the other loans are unsecured. All of the other loans are denominated in RMB. Details of the interest rates and maturity dates of other loans are as follows:

	2021 RMB'000	2020 RMB'000
<b>Loans from China Huadian Finance</b>		
Floating interest rates ranging from 2.90% to 4.75% (2020: 2.90% to 4.90%) per annum, with maturities up to 2035	7,507,777	6,627,201
Fixed interest rates ranging from 3.35% to 4.35% (2020: 3.36% to 4.90%) per annum, with maturities up to 2024	2,124,329	2,075,000
<b>Others</b>		
Floating interest rates ranging from 3.48% to 5.64% (2020: 1.80% to 5.20%) per annum, with maturities up to 2041	1,332,808	1,888,047
Fixed interest rates of ranging from 2.85% to 3.10% (2020: 1.50% to 6.09%) per annum, with maturities up to 2022	230,293	507,248
	<b>11,195,207</b>	<b>11,097,496</b>

#### (e) Short-term debentures payable

	2021 RMB'000	2020 RMB'000
First tranche of super short-term debentures for the year of 2021	2,023,880	–

On 16 July 2021, the Group issued the first tranche of super short-term debentures of 2021 in PRC interbank debenture market. The super short-term debenture was issued at a par value of RMB2,000 million with a maturity period of 180 days and bears interest at 2.58% per annum. The tranche is unsecured.

During the current year, the Group repaid four tranches of super short-term debentures with a total principal amount of RMB8,500 million (2020: repaid four tranches of super short-term debenture with a total principal amount of RMB5,300 million) at par value.

The effective interest rates of above debentures are ranging from 2.16% to 2.58% per annum after considering the effect of issue costs.

#### (f) Long-term debentures payable

	2021 RMB'000	2020 RMB'000
First tranche of medium-term notes for the year of 2016	–	1,996,838
First tranche of medium-term notes for the year of 2017	3,611,991	3,497,794
First tranche of medium-term notes for the year of 2019	3,090,492	2,998,161
First tranche of company debentures for the year of 2019	2,014,834	1,999,888
Third tranche of medium-term notes for the year of 2020	2,032,044	1,999,554
Second tranche of medium-term notes for the year of 2021	2,525,693	–
First tranche of green mid-term notes for the year of 2021	2,321,601	–
Third tranche of medium-term notes for the year of 2021	2,016,250	–
Fourth tranche of medium-term notes for the year of 2021	1,813,506	–
Fifth tranche of medium-term notes for the year of 2021	2,512,809	–
	<b>21,939,220</b>	<b>12,492,235</b>
Less: Long-term debentures due within one year	<b>(5,861,218)</b>	<b>(1,996,838)</b>
	<b>16,078,002</b>	<b>10,495,397</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 31 BORROWINGS (Continued)

#### (f) Long-term debentures payable (Continued)

On 20 August 2021, the Group issued the second tranche of medium-term notes for the year of 2021 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,500 million with a maturity period of 3 years and bears interest at 3.07% per annum. The tranche is unsecured.

On 30 August 2021, the Group issued the first tranche of green mid-term notes for the year of 2021 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,300 million with a maturity period of 3 years and bears interest at 3.06% per annum. The tranche is unsecured.

On 16 September 2021, the Group issued the third tranche of medium-term notes for the year of 2021 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,000 million with a maturity period of 3 years and bears interest at 3.12% per annum. The tranche is unsecured.

On 28 September 2021, the Group issued the fourth tranche of medium-term notes for the year of 2021 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB1,800 million with a maturity period of 5 years and bears interest at 3.57% per annum. The tranche is unsecured.

On 25 October 2021, the Group issued the fifth tranche of medium-term notes for the year of 2021 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,500 million with a maturity period of 3 years and bears interest at 3.32% per annum. The tranche is unsecured.

During the year, the Group repaid one tranche of medium-term notes with principal amount of RMB2,000 million (2020: repaid one tranche of medium-term notes with principal amount of RMB2,000 million) at par value.

As 31 December 2021, the effective interest rates of the long-term debentures are ranged from 2.53% to 4.85% (2020: from 2.54% to 4.97%) per annum after considering the effect of issue costs.

### 32 CONVERTIBLE BONDS

On 28 September 2021, the Company completed the issuance of 14,701,590 convertible bonds ("CBs") at a par value of RMB100 each, which were due on 28 September 2024 with an aggregate principal amount of RMB1,470,159,000. The annual coupon rate of the CBs is 2% for the first year, 3% for the second year, and 3% for the third year from the date of completion of the issuance of CBs. The CBs were denominated in Renminbi and entitled the holders to convert them into ordinary A shares of the Company during the conversion period at a conversion price of RMB4.36 per share (adjusted). The conversion period of the CBs shall commence on the first trading day (inclusive) immediately following the expiry of the 12-month period after the completion date of the issuance of CBs and end on the maturity date (inclusive) of the CBs. If the CBs are not converted, they will be redeemed by the Company at maturity at a redemption price of 104% of the nominal value of the CBs (excluding the third year accrued interest). Refer to the Company's announcement dated 30 September 2021 for the details of the terms of the CBs.

At initial recognition, the equity component of the CBs was separated from the liability component. The equity element is presented in equity heading "convertible bonds reserve". The effective interest rate of the liability component is 3.91%.

The movement of the liability component of the convertible loans for the year is set out below:

	<b>Liability components of CBs</b> <i>RMB'000</i>
As at 1 January 2020, 31 December 2020 and 1 January 2021	–
Issued during the year	1,418,980
Effective interest expenses (note 10)	14,657
As at 31 December 2021	1,433,637

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 33 TRADE CREDITORS AND BILLS PAYABLE

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

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

### 34 OTHER PAYABLES AND CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Financial liabilities		
– Construction deposits	1,074,841	1,560,738
– Consideration payables on acquisitions	340,789	344,577
– Interest payables	–	428,793
– Wages payable	222,627	231,515
– Payables for installed capacity quota	257,530	263,530
– Payables for sewage charges	10,309	20,214
– Dividend payables to non-controlling interests	322,477	644,756
– Distribution payables to holder of perpetual capital securities	229,667	229,065
– Current portion of long-term payables (note 35)	–	63,065
– Others (Note (i))	718,653	1,919,895
	<b>3,176,893</b>	5,706,148
Other tax payables	1,378,777	1,187,943
Contract liabilities	1,875,588	1,939,642
	<b>6,431,258</b>	8,833,733

Notes:

- (i) Others mainly include payables on service fees, water charges and other miscellaneous items.
- (ii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

#### Contract liabilities

	2021 RMB'000	2020 RMB'000
Contract liabilities arising from:		
Sale of heat	1,729,460	1,671,956
Sale of coal	18,539	24,027
Others	127,589	243,659
	<b>1,875,588</b>	1,939,642

Contract liabilities mainly relate to the deposits received from customers for sale of heat and sale of coal. The Group expects to deliver the goods to satisfy the performance obligations of these contract liabilities within one year or less.

The contract liabilities mainly relate to the advance consideration received from customers in relating to sale of heat and coal. RMB1,935 million (2020: RMB1,748 million) of the contract liabilities as of 31 December 2020 has been recognised as revenue for the year ended 31 December 2021 from performance obligations satisfied.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 35 LONG-TERM PAYABLES

The balance of approximately RMB325 million as of 31 December 2020 represented payables to local governments for mining rights, by using a pre-tax discount rate that reflected current assessments of the time value of money and interest expenses was recognised with the passage of time. In accordance with the repayment schedule set out in the relevant agreement, current portion and non-current portion of this long-term payable amounted to approximately RMB63 million (note 34) and RMB262 million, respectively. The balance has been fully settled during the year ended 31 December 2021.

### 36 INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION

#### (a) Taxation in the consolidation statement of financial position represents:

	2021 RMB'000	2020 RMB'000
Net tax payable at 1 January	548,721	544,964
Provision for the year (note 14(a))	416,058	1,574,744
Arising on acquisition of subsidiaries (note 48)	32,049	–
Disposal of subsidiaries	(328)	–
(Over)/under-provision in respect of prior years (note 14(a))	(11,729)	12,850
Income tax paid	(1,331,681)	(1,583,837)
<b>Net tax (recoverable)/payable at 31 December</b>	<b>(346,910)</b>	548,721
Representing:		
Tax payable	205,952	625,496
Tax recoverable	(552,862)	(76,775)

#### (b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	At 1 January 2020 RMB'000	Credited/ (charged) to profit or loss RMB'000 (note 14(a))	At 31 December 2020 and 1 January 2021 RMB'000	Acquisition/ disposal of subsidiaries, net RMB'000	Credited/ (charged) to profit or loss RMB'000 (note 14(a))	At 31 December 2021 RMB'000
Impairment of assets	84,679	24,974	109,653	(5,174)	26,648	131,127
Accelerated tax depreciation	(824,276)	16,452	(807,824)	–	(460,489)	(1,268,313)
Fair value adjustments on assets arising from business combinations	(1,240,356)	99,562	(1,140,794)	(328,041)	485,696	(983,139)
Long-term payables discounting	(76,918)	–	(76,918)	76,918	–	–
Accrued staff cost	8,458	6,526	14,984	(44)	(6,646)	8,294
Tax losses	371,027	301,919	672,946	(101,169)	2,071,971	2,643,748
Others (Note)	87,979	(78,041)	9,938	(4,558)	61,873	67,253
	(1,589,407)	371,392	(1,218,015)	(362,068)	2,179,053	598,970

Note: Others represent deferred tax arising from provision for miscellaneous expenses.

Reconciliation to the consolidated statement of financial position is as follows:

	2021 RMB'000	2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,289,323	748,228
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,690,353)	(1,966,243)
	598,970	(1,218,015)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 36 INCOME TAX IN THE CONSOLIDATION STATEMENT OF FINANCIAL POSITION (Continued)

#### (b) Deferred tax assets and liabilities recognised: (Continued)

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately RMB10,131 million (2020: RMB2,017 million) and deductible temporary differences of approximately RMB4,806 million (2020: RMB4,227 million) due to the unpredictability of future profit streams. The expiration of tax losses under current tax legislation is as follows:

	2021 RMB'000	2020 RMB'000
2021	–	347,901
2022	876,430	270,210
2023	1,248,517	475,402
2024	564,173	452,331
2025	177,353	471,379
2026	7,265,128	–
	<b>10,131,601</b>	2,017,223

### 37 DEFERRED INCOME

Deferred income represents contract liabilities for the unearned portion of upfront installation fees received from customers for connecting the customers' premises to the heat network of the Group. The amount is deferred until completion of the installation work and recognised in profit or loss in equal instalments over the expected service terms of the relevant services.

The upfront installation fee recognised for the year amounting to approximately RMB264 million (2020: RMB211 million) is included in "Other revenue" in the consolidated statement of profit or loss and other comprehensive income (note 9).

### 38 PROVISIONS

The provisions represent the Group's best estimate of the remediation costs for Group's liability on mine disposal and environmental restoration, which is based on industry standards and historical experience.

	2021 RMB'000	2020 RMB'000
At 1 January	236,717	127,532
Additions	7,173	109,185
Loss of control of subsidiaries	(179,648)	–
At 31 December	<b>64,242</b>	236,717

### 39 SHARE CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 39 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

## (b) Share capital

Movement of the Company's registered, issued and fully paid up capital is tabled below.

	Number of shares		Nominal value	
	2021 '000	2020 '000	2021 RMB'000	2020 RMB'000
<i>A shares of RMB1 each</i>				
At beginning of year	8,145,743	8,145,743	8,145,743	8,145,743
Issues of shares	6,881	–	6,881	–
At end of year	8,152,624	8,145,743	8,152,624	8,145,743
<i>H shares of RMB1 each</i>				
At beginning of year and end of year	1,717,234	1,717,234	1,717,234	1,717,234
Total of A and H shares:				
At end of year	9,869,858	9,862,977	9,869,858	9,862,977
At beginning of year	9,862,977	9,862,977	9,862,977	9,862,977

On 28 September 2021, the Company issued 6,881,562 A shares at a price of RMB4.36 (adjusted) to certain investors. These shares are not transferrable within 12 months from 28 September 2021. All A shares and H shares rank *pari passu* in all material aspects.

## (c) Reserves

## (i) Capital reserve

Capital reserve represents premium received from issuance of shares, share of a joint venture or an associate's capital reserve movements which are required to be included in this reserve by the PRC regulations and the difference between the fair value of the interest-free loans provided by the parent company initially recognised in the financial statements and the nominal amount of loans received by the Group.

## (ii) Statutory surplus reserve

*General reserve*

According to the Company's Articles of Association, the Company is required to transfer at least 10% (at the discretion of the board of directors) of its profit after taxation, as determined under PRC accounting rules and regulations, to a statutory general surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

The statutory general surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

*Specific reserve*

Pursuant to the relevant PRC regulations for coal mining companies, the Group is required to set aside an amount to maintenance and production funds. The funds can be used for maintenance of production and improvements of safety at the mines, and are not available for distribution to shareholders.

## (iii) Revaluation reserve

Revaluation reserve represents the fair value adjustment of acquisition of Huadian Weifang Power Company Limited ("Weifang Company") relating to the previously held interest of the Group.

## (iv) Fair value reserve

The fair value reserve comprises the Group's share of the cumulative net change in the fair value of financial asset at other comprehensive income of an associate at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(k).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 39 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (c) Reserves (Continued)

##### (v) Convertible bonds reserve

	Equity component of CBs RMB'000
As at 1 January 2020, 31 December 2020 and 1 January 2021	–
Recognition of the equity component	41,530
Issuance cost	(280)
As at 31 December 2021	41,250

The convertible bonds reserve represents the equity component (conversion rights) of convertible bonds issued by the Company as set out in note 32. Items included in convertible bonds reserve will not be reclassified subsequently to profit or loss.

#### (d) Distributability of reserve

According to the Company's Articles of Association, the retained profits available for distribution are the lower of the amount as determined under PRC accounting rules and regulations and the amount determined under IFRSs. As of 31 December 2021, the retained profits available for distribution were approximately RMB12,928 million (2020: RMB9,820 million).

#### (e) Perpetual capital securities

During the year ended 31 December 2021, the Company issued 2 tranches of public perpetual capital securities, which included (1) 1st tranche of medium-term notes for the year of 2021; (2) 6th tranche of medium-term notes for the year of 2021.

During the year ended 31 December 2020, the Company issued 6 tranches of public perpetual capital securities, which included (1) 1st Tranche of medium-term note of 2020 (Type 1); (2) 1st Tranche of medium-term note of 2020 (Type 2); (3) 2nd Tranche of medium-term note of 2020 (Type 1); (4) 2nd Tranche of medium-term note of 2020 (Type 2); (5) 4th Tranche of medium-term note of 2020; (6) 5th Tranche of medium-term note of 2020, to third parties with an aggregate principal amount of RMB8.5 billion.

Type of securities	Issuance date	Category	Issue price RMB'000	Number	Par value RMB'000
1st Tranche of medium-term note of 2021	July 2021	Equity Instrument	0.1	30,000,000	3,000,000
6th Tranche of medium-term note of 2021	October 2021	Equity Instrument	0.1	15,000,000	1,500,000
					4,500,000

The perpetual capital securities are issued at par value with a range of initial distribution rate from 3.36% to 5.20%. The interests of perpetual capital securities are recorded as distributions, which are payable annually after the approval of the directors of the Company and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred.

The perpetual capital securities have no fixed maturity date and are redeemable at the Company's discretion in whole in July 2021, July 2023, August 2021, August 2023, October 2021, November 2021, June 2022, June 2024, September 2022, September 2024, November 2022, November 2024, January 2023, January 2025, February 2023, February 2025, October 2023 and November 2022 respectively, the payment of the principal may be deferred for each renewable period as 2, 3 or 5 years.

The applicable distribution rate will be reset on first call date and each renewal period after first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The directors of the Company are of the opinion that the Group has no contractual obligation to repay the principal or to pay any distribution for the perpetual capital securities. Therefore, the perpetual capital securities are classified as equity instrument and recorded in equity in the consolidated statement of financial position. During the year ended 31 December 2021, the profit attributable to holders of perpetual capital securities, based on the applicable distribution rate, was approximately RMB163 million (2020: RMB201 million).

The above financial instruments do not have a definite maturity period, and it will exist until the right of redemption is exercised. The Company has the rights to deferred payment of principal and deferred payment of interest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 39 SHARE CAPITAL, RESERVES AND DIVIDENDS (Continued)

#### (e) Perpetual capital securities (Continued)

Movement of the perpetual capital securities is as follows:

	Principal RMB'000	Distribution RMB'000	Total RMB'000
As at 1 January 2020	15,951,355	177,700	16,129,055
Issue of perpetual capital securities	8,492,665	–	8,492,665
Profit attributable to holders of perpetual capital securities (note 16(a))	–	917,861	917,861
Distributions payable to holders of perpetual capital securities	–	(894,406)	(894,406)
As at 31 December 2020 and 1 January 2021	<b>24,444,020</b>	<b>201,155</b>	<b>24,645,175</b>
Issue of perpetual capital securities	<b>4,496,319</b>	–	<b>4,496,319</b>
Profit attributable to holders of perpetual capital securities (note 16(a))	–	<b>1,023,261</b>	<b>1,023,261</b>
Distributions payable to holders of perpetual capital securities	–	<b>(1,061,382)</b>	<b>(1,061,382)</b>
Redemption of perpetual capital securities	<b>(6,630,024)</b>	–	<b>(6,630,024)</b>
As at 31 December 2021	<b>22,310,315</b>	<b>163,034</b>	<b>22,473,349</b>

#### (f) Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain an optimal capital structure to reduce cost of capital.

In order to maintain and improve the capital structure, the Group may, for the purpose of business expansion, issue new shares to reduce its liabilities to assets ratio.

The Group monitors its capital structure on the basis of liabilities to assets ratio. This ratio is calculated as total liabilities divided by total assets.

The liabilities to assets ratios as at 31 December 2021 and 2020 were as follows:

	2021 RMB'000	2020 RMB'000
Total liabilities	<b>146,117,473</b>	142,297,826
Total assets	<b>222,386,038</b>	236,690,935
Liabilities to assets ratio	<b>66%</b>	60%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 40 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Transactions with shareholders, fellow subsidiaries and associates

Shareholders, fellow subsidiaries and associates that had material transactions with the Group are as follows:

Name of related parties	Nature of relationship
China Huadian Corporation Limited (“China Huadian”)	Immediate parent and ultimate holding company of the Company
China Huadian Finance Corporation Limited	An associate of the Group
Huadian Coal Industry Group Company Limited	An associate of the Group
Beijing Huabin Investment Company Limited	A subsidiary of an associate of the Group
Beijing Huabin Property Management Company Limited	A subsidiary of an associate of the Group
Inner Mongolia Fucheng Mining Company Limited	An associate of the Group
Ningxia Ningdong Railway Corporation Limited	A subsidiary of an associate of the Group
Ningxia Yinxing Coal Company Limited	An associate of the Group
Sichuan Huayingshan Longtan Coal Company Limited	An associate of the Group
CNNP CHD Hebei Nuclear Power Company Limited	An associate of the Group
Otog Front Banner Changcheng No.3 Mining Company Limited	An associate of the Group
Otog Front Banner Changcheng No.5 Mining Company Limited	An associate of the Group
Otog Front Banner Changcheng Mine Company Limited	An associate of the Group
Lu’an Municipal Thermal Power Generation Company Limited	An associate of the Group
Huadian Jinshajiang Hydropower Company	An associate of the Group
Huadian Fuxin Energy Corporation Limited	An associate of the Group
China Huadian Engineering Corporation and its subsidiaries	Fellow subsidiaries of the Company
Guodian Nanjing Automation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
CHD Power Plant Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Science and Technology Research Institutes Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Xinjiang Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Materials Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Capital Holdings Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Clean Energy Company Limited	A fellow subsidiary of the Company
Huadian Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shanxi Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Jiangsu Energy Limited Company and its subsidiaries	Fellow subsidiaries of the Company
Huadian Shaanxi Energy Company Limited	A fellow subsidiary of the Company
Huadian Sichuan Power Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Electrical Construction Technical and Economic Consulting Centre	A fellow subsidiary of the Company
Huadian Inner Mongolia Energy Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Anhui Huadian Lu’an Power Generation Company Limited	A fellow subsidiary of the Company
China Huadian Advanced Training Centre	A fellow subsidiary of the Company
Fujian Huadian Furui Energy Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Hong Kong Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Guizhou Wujiang Hydroelectric Development Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Zhejiang Huadian Wuxijiang Hydropower Company Limited	A fellow subsidiary of the Company
Huadian Electric Power Research Institute Company Limited	A fellow subsidiary of the Company
Huadian Jinshan Energy Company Limited	A fellow subsidiary of the Company
Huadian Tibet Energy Company Limited	A fellow subsidiary of the Company
Hangzhou Huadian Zhakou Power Generation Company Limited	A fellow subsidiary of the Company
Huadian Asset Management (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
China Huadian Group Carbon Assets Operation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Yunnan Power Generation Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Huadian Commercial Factoring (Tianjin) Company Limited and its subsidiaries	Fellow subsidiaries of the Company
Yanzhou Coal Mining Company Limited (“Yanzhou Coal”) (note (i))	A connected person of the Group
Shaanxi Coal Transportation and Marketing (Group) Company Limited (“Shaanxi Coal Transportation and Marketing”) (note (ii))	A connected person of the Group
Shandong Development Investment Holding Group Co., Ltd (“Shandong Development”) (note (iii))	A connected person of the Group

Notes:

- (i) Yanzhou Coal is a substantial minority shareholder of a non-wholly owned subsidiary of the Company.
- (ii) Shaanxi Coal Transportation and Marketing is a company of a substantial minority shareholder of a non-wholly owned subsidiary of the Company.
- (iii) Shandong Development is a substantial minority shareholder of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

## (a) Transactions with shareholders, fellow subsidiaries and associates (Continued)

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2021 and 2020:

	2021 RMB'000	2020 RMB'000
<i>Sale of electricity to</i> Fellow subsidiaries	89,449	47,514
<i>Purchase of electricity from</i> Fellow subsidiaries	163,000	69,490
<i>Sale of coal to</i> An associate Fellow subsidiaries	– 12,276,854	8,817 11,199,824
<i>Purchase of coal from</i> Associates Fellow subsidiaries Connected persons	8,102,664 1,770,386 3,609,850	4,288,007 793,980 2,891,341
<i>Purchase of natural gas from</i> A fellow subsidiary	208,115	281,010
<i>Purchase of construction service and equipment from</i> An associate Fellow subsidiaries	– 2,645,185	32,840 4,554,110
<i>Sales of equipment to</i> Fellow subsidiaries	15,806	8,157
<i>Other services income from</i> China Huadian An associate Fellow subsidiaries	13,208 40,985 51,231	– – 13,368
<i>Loans provided to</i> An associate	157,650	96,412
<i>Loan repayment from</i> An associate	157,650	–
<i>Loans proceeds obtained from</i> China Huadian An associate A fellow subsidiary	4,219,740 19,387,100 3,831,146	4,930,000 15,632,400 1,310,002
<i>Loans repaid to</i> China Huadian An associate A fellow subsidiary	4,000,000 15,772,761 732,518	800,000 15,420,330 42,500
<i>Bills receivable discounted to</i> Associates	2,002,162	281,974
<i>Derecognised bills receivable collected by</i> Associates	1,037,033	285,032
<i>Lease payment under sales and leaseback arrangement to</i> A fellow subsidiary	1,033,650	610,790

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (a) Transactions with shareholders, fellow subsidiaries and associates (Continued)

The Group had the following material transactions with shareholders, fellow subsidiaries and associates during the years ended 31 December 2021 and 2020: (Continued)

	2021 RMB'000	2020 RMB'000
<i>Interest paid to</i>		
China Huadian	343,861	233,681
An associate	275,654	348,713
Fellow subsidiaries	76,053	42,050
<i>Interest received from</i>		
Associates	85,704	95,622
<i>Rental and property management service expenses paid to</i>		
Associates	72,798	61,917
Fellow subsidiaries	17,505	21,484
<i>Rental and property management service income from</i>		
Fellow subsidiaries	2,503	4,150
<i>Guarantee service expenses paid to</i>		
China Huadian	33	1,572
<i>Other service expenses paid to</i>		
China Huadian	100,088	101,470
Associates	11,320	19,241
Fellow subsidiaries	305,390	423,552
<i>Additional capital injection in</i>		
Associates	21,901,889	138,462

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows:

	2021 RMB'000	2020 RMB'000
<i>Construction in progress-construction and construction material prepayments</i>		
Fellow subsidiaries	282,603	168,612
<i>Trade debtors and bills receivable</i>		
Fellow subsidiaries	719,251	1,268,463
<i>Deposits, other receivables and prepayments</i>		
China Huadian	822	-
Associates	478,441	158,037
Fellow subsidiaries	599,504	102,812
A connected person	142,532	228,243
<i>Other long-term receivables</i>		
An associate (note 24)	254,430	170,066
<i>Cash and cash equivalents and restricted deposits</i>		
An associate	5,376,276	5,707,813
<i>Loans from a shareholder</i>		
China Huadian	(6,188,597)	(6,700,000)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

## (a) Transactions with shareholders, fellow subsidiaries and associates (Continued)

The balances due from/(to) shareholders, fellow subsidiaries and associates are as follows: (Continued)

	2021 RMB'000	2020 RMB'000
<i>Other loans</i>		
An associate	(9,632,106)	(8,702,202)
A fellow subsidiary	(1,095,784)	(1,889,663)
<i>Trade creditors and bills payable</i>		
China Huadian	(9,799)	(10,390)
Associates	-	(184,724)
Fellow subsidiaries	(2,495,962)	(2,708,674)
Connected persons	-	(88,105)
<i>Other payables</i>		
China Huadian	(17,800)	(31,947)
Associates	-	(16,433)
Fellow subsidiaries	(333,760)	(381,224)
Connected persons	-	(298)
<i>Contract liabilities</i>		
A fellow subsidiary	(18,997)	(10,969)
<i>Lease liabilities</i>		
A fellow subsidiary	(74,959)	(1,025,914)

Notes:

- (i) As at 31 December 2020, the Group provided guarantees to banks for loans granted to Longtan Coal Company amounting to approximately RMB43.58 million. The loans have been fully repaid as at 30 June 2021.
- (ii) As at 31 December 2021, China Huadian provided guarantee to banks for loans granted to the Group amounting to approximately RMB1 million (2020: RMB552 million).

## (b) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 12 and certain highest paid employees as disclosed in note 13, is as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	2,789	2,890
Retirement benefits	461	402
Bonuses	2,698	3,001
	5,948	6,293

Total remuneration is included in "personnel costs" (see note 6).

## (c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments and China Huadian for its staff. As at 31 December 2021 and 2020, there was no material outstanding contribution to post-employment benefit plans.

## (d) Transactions with other government-related entities in the PRC

China Huadian is a PRC state-owned enterprise. Government-related entities, other than entities under China Huadian, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group ("other government-related entities"). The majority of the business activities of the Group are conducted with other government-related entities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (d) Transactions with other government-related entities in the PRC (Continued)

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group's business within normal business operations. The Group has established its approval process for sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

- sale of electricity to the grid

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government. For the year ended 31 December 2021, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 99% of its sale of electricity.

- depositing and borrowing

The Group deposits most of its cash in government-related financial institutions, and also obtains most of short-term and long-term loans from these financial institutions in the ordinary course of business. The interest rates of the bank deposits and loans are regulated by the People's Bank of China.

- other transactions

Other collectively significant transactions with other government-related entities include a large portion of fuel purchases and property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

#### (e) Commitment with related parties

	2021 RMB'000	2020 RMB'000
Capital commitment	1,470,504	621,240
Commitment on properties rental and management fees	15,118	150,594

### 41 RETIREMENT PLANS

The Group is required to make contributions to retirement plans operated by the State at range from 15% to 20% (2020: 15% to 20%) of the staff salaries. A member of the plan is entitled to receive from the State a pension equal to a fixed proportion of his or her salary prevailing at the retirement date. In addition, the Group participates in a retirement plan managed by China Huadian to supplement the above-mentioned plan. The Group has no other material obligation to make payments in respect of pension benefits associated with these plans other than the annual contributions described above.

Contributions to the plans vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group's contribution to these plans amounted to approximately RMB1,212 million during the year (2020: RMB690 million) which was charged to the consolidated statement of profit or loss and other comprehensive income.

### 42 COMMITMENTS

#### Capital commitments

The Group had capital commitments at 31 December as follows:

	2021 RMB'000	2020 RMB'000
Contracted for but not provided in the financial statements		
- Development of power plants	12,387,053	8,414,195
- Improvement projects and others	715,320	924,424
	<b>13,102,373</b>	9,338,619

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 43 CONTINGENT LIABILITIES

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

Apart from the above and guarantees provided as disclosed in note 40(a)(i), the Group has no other material contingent liabilities as at 31 December 2021 (2020: Nil).

### 44 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

#### Categories of financial instruments

	2021 RMB'000	2020 RMB'000
<b>Financial assets</b>		
At amortised cost		
– Other non-current assets	254,430	170,066
– Trade debtors and bills receivable	8,510,240	10,137,501
– Other receivables	2,219,500	1,468,747
– Restricted deposits	145,463	180,624
– Cash and cash equivalents	5,945,067	6,498,457
At FVOCI		
– Trade debtors and bills receivable	755,040	1,581,942
At FVPL		
– Financial assets at FVPL	330,064	307,890
	<b>18,159,804</b>	20,345,227
<b>Financial liabilities</b>		
At amortised cost	<b>135,847,376</b>	128,378,884

Exposure to interest rate, credit, liquidity and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Interest rate risk

The interest rates and terms of repayment of the outstanding interest-bearing liabilities of the Group are disclosed in notes 18(b), 31 and 32. At 31 December 2021, fixed rate borrowings comprise 50% of total borrowings of the Group (2020: 36%).

#### Sensitivity analysis

At 31 December 2021, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have increased the Group's loss after tax and decreased the Group's total equity by approximately RMB448 million (2020: decreased the Group's profit after tax and total equity by approximately RMB585 million).

The sensitivity analysis above indicates the Group's exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period. The impact on the Group's profit/loss after tax (and retained profits) and consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for prior year.

#### (b) Credit risk

The Group's credit risk is primarily attributable to trade debtors, bills receivable, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade debtors and bills receivable, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Trade debtors are due within 30 to 90 days from the date of billing. For bills received from customers, the Group generally accepts only bank acceptance bills in order to minimise the risk of default payment. Normally, the Group does not obtain collateral from customers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 44 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

#### (b) Credit risk (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 27% and 65% (2020: 11% and 53%) of the total trade debtors and bills receivable were due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade debtors and bills receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases, which are based on days past due for groupings of various customer segments that have similar loss patterns. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Over 86% of trade debtors with past due more than 3 years are related to the local government-related power grid companies. After considering the historical loss patterns, the management considers that the impairment loss provided is adequate. No further impairment for trade debtors and bills receivable is provided as the amount of additional impairment measured under the ECLs model is immaterial.

In respect of other receivables, the Group adopts individual credit evaluations continuously assessing the credit risk and financial situation of different customers. Movement in the loss allowance account in respect of other financial assets measured at amortised cost (i.e. deposits and other receivables) during the year is as follows:

Loss allowance	2021			Total RMB'000
	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit-impaired (Stage 3) RMB'000	
At 1 January	–	–	558,784	558,784
Impairment loss recognised	–	–	384,359	384,359
Reversal of impairment loss	–	–	(10,913)	(10,913)
Write-off	–	–	(428,362)	(428,362)
At 31 December	–	–	503,868	503,868

  

Loss allowance	2020			Total RMB'000
	12-month ECLs (Stage 1) RMB'000	Lifetime ECL, non-credit impaired (Stage 2) RMB'000	Lifetime ECL, credit-impaired (Stage 3) RMB'000	
At 1 January	–	–	533,636	533,636
Impairment loss recognised	–	–	56,796	56,796
Reversal of impairment loss	–	–	(22,322)	(22,322)
Write-off	–	–	(9,326)	(9,326)
At 31 December	–	–	558,784	558,784

Except for the financial guarantees given by the Group as set out in note 40(a)(i), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 40(a)(i).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade debtors and bills receivable are set out in note 27.

#### (c) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long-term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 44 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

#### (c) Liquidity risk (Continued)

At the end of the reporting period, the Group had net current liabilities of approximately RMB36,069 million (2020: RMB34,289 million). With regards to its future capital commitments and other financing requirements, the Group has unused banking facilities of approximately RMB133.9 billion (2020: RMB143.6 billion) and an aggregate amount of debentures and bonds of approximately RMB22.4 billion (2020: RMB39.4 billion) registered in the PRC interbank debenture market which has not been issued as at 31 December 2021.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2021						2020					
	Contractual undiscounted cash outflow						Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term debentures payable	2,025,447	-	-	-	2,025,447	2,023,880	-	-	-	-	-	-
Bank loans	32,529,990	9,517,149	22,540,842	23,898,924	88,486,905	75,322,103	28,331,003	9,271,602	20,671,182	34,536,880	92,810,667	76,057,476
Loans from shareholders	862,398	4,196,217	796,572	924,767	6,779,954	6,196,454	944,408	637,788	5,486,062	1,427,473	8,495,731	6,707,768
State loans	2,086	1,258	6,160	45,752	55,256	47,117	2,598	2,457	7,192	57,966	70,213	54,298
Other loans	5,854,428	1,851,686	2,922,245	1,735,558	12,363,917	11,195,207	3,667,099	2,627,662	3,967,813	3,379,292	13,641,866	11,097,496
Trade creditors and bills payable	14,793,426	-	-	-	14,793,426	14,793,426	17,490,945	-	-	-	17,490,945	17,490,945
Amount due to the parent company	27,599	-	-	-	27,599	27,599	42,337	-	-	-	42,337	42,337
Lease liabilities	262,894	281,153	58,127	24,165	626,339	568,387	695,705	348,440	577,426	457,541	2,079,112	1,817,015
Other payables	2,285,268	-	-	-	2,285,268	2,285,268	2,341,316	-	-	-	2,341,316	2,341,316
Long-term debentures payable	6,143,085	2,496,889	14,466,886	47,535	23,154,395	21,939,220	2,455,266	5,785,823	5,170,466	-	13,411,555	12,492,235
Convertible bonds – liability components	29,403	44,105	1,573,070	-	1,646,578	1,433,637	-	-	-	-	-	-
Retirement benefit obligations	293	478	2,698	11,565	15,034	15,078	267	409	3,503	13,678	17,857	15,538
Long-term payables	-	-	-	-	-	-	-	-	-	933,540	933,540	262,460
Financial guarantee contracts	-	-	-	-	-	-	43,575	-	-	-	43,575	-
	64,816,317	18,388,935	42,366,600	26,688,266	152,260,118	135,847,376	56,014,519	18,674,181	35,883,644	40,806,370	151,378,714	128,378,884

#### (d) Currency risk

##### (i) Recognised assets and liabilities

The Group is exposed to currency risk primarily arising from borrowings which are denominated in US\$ and Euro. Depreciation or appreciation of US\$ and Euro against RMB would affect the financial position and operating results of the Group.

##### (ii) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	2021		2020	
	US\$ RMB'000	Euro RMB'000	US\$ RMB'000	Euro RMB'000
Cash and cash equivalents	23	-	26	-
Bank loans	-	(976)	-	(11,969)
State loans	-	(47,117)	-	(54,298)
Net exposure	23	(48,093)	26	(66,267)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 44 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

#### (d) Currency risk (Continued)

##### (iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's (loss)/profit after tax (and retained profits) and consolidated equity in that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2021			2020		
	Decrease in foreign exchange rate %	Effect on results after tax and retained profits RMB'000	Effect on consolidated equity RMB'000	Decrease in foreign exchange rate %	Effect on results after tax and retained profits RMB'000	Effect on consolidated equity RMB'000
US\$	(10)	2	2	(10)	2	2
Euro	(10)	3,607	3,607	(10)	4,971	4,971

Note: Positive figures in the above table represent an increase in profit after tax/decrease in loss after tax and an increase in retained profits and consolidated equity while negative figures represent corresponding opposite effects.

A 10% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2020.

#### (e) Fair values

##### (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable (note 2(b)).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	At 31 December 2021 RMB'000	At 31 December 2020 RMB'000		
Bills receivable measured at FVOCI (included in trade debtors and bills receivable)	755,040	1,581,942	Level 2	Future cash flows are estimated based on discount rate observed in the available market. The fair value of bills receivable was close to their carrying amounts given all bills receivable will mature within 1 year.
Financial assets at FVPL – unlisted equity securities in the consolidated statement of financial position	330,064	307,890	Level 3	The financial assets at FVPL are unlisted equity securities. The fair value is provided by the valuer. The fair value is measured by applying income approach and after considering the expected distributable profits of the investment discounted by a range of discount rate from 9.40% to 13.51% (2020: from 9.40% to 13.51%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 44 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

#### (e) Fair values (Continued)

##### (i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	2021 RMB'000	2020 RMB'000
Financial assets at FVPL:	330,195	307,890
At 1 January	307,890	279,439
Addition	82,365	29,702
Disposal	(4,169)	–
Loss on fair value	(37,228)	(1,251)
Disposal of subsidiaries	(18,663)	–
At 31 December	330,195	307,890

During the reporting period there is no transfer between instruments in Level 1 and Level 2.

##### (ii) Financial instruments carried at other than fair value

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	2021		2020	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Fixed rate borrowings and debentures payable	36,773,258	36,243,696	18,569,523	18,367,351

The fair value measurements of above financial liabilities are within the level 2 category, which have been determined based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of the Group entities.

### 45 IMMEDIATE PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its immediate parent and ultimate holding company to be China Huadian, which is a state-owned enterprise established in the PRC. China Huadian does not produce financial statements available for public use.

### 46 SUBSIDIARIES

#### (a) General information of subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2021, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group:

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Sichuan Huadian Luding Hydropower Company Limited 四川華電瀘定水電有限公司	1,516,090	100		– Generation and sale of electricity
Huadian Zouxian Power Generation Company Limited ("Zouxian Company") 華電鄒縣發電有限公司	3,000,000	69		– Generation and sale of electricity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 46 SUBSIDIARIES (Continued)

#### (a) General information of subsidiaries (Continued)

The following list contains only the particulars of subsidiaries as at 31 December 2021, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group: (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Huadian Luohe Power Generation Company Limited 華電漯河發電有限公司	600,800	75		– Generation and sale of electricity and heat
Huadian Qudong Power Generation Company Limited 華電渠東發電有限公司	568,000	90		– Generation and sale of electricity and heat
Anhui Huadian Lu'an Power Plant Company Limited 安徽華電六安電廠有限公司	921,500	95		– Generation and sale of electricity
Huadian Laizhou Power Generation Company Limited ("Laizhou Power Generation") 華電萊州發電有限公司	2,632,803	75		– Generation and sale of electricity
Huadian Weifang Power Company Limited ("Weifang Company") 華電濰坊發電有限公司	930,222	64.29 (Note(i))		– Generation and sale of electricity and heat
Sichuan Huadian Power Investment Company Limited 四川華電電力投資有限公司	1,377,606	100		– Electricity and power equipment production
Tianjin Huadian Fuyuan Thermal Power Company Limited ("Fuyuan Thermal") 天津華電福源熱電有限公司	407,004	100 (Note(ii))		– Generation and sale of electricity and heat
Hangzhou Huadian Xiasha Thermal Power Company Limited 杭州華電下沙熱電有限公司	259,338	56		– Generation and sale of electricity and heat
Huadian Zhejiang Longyou Thermal Company Limited 華電浙江龍遊熱電有限公司	292,500	100		– Generation and sale of electricity and heat
Hangzhou Huadian Jiangdong Thermal Power Company Limited 杭州華電江東熱電有限公司	600,000	70		– Generation and sale of electricity and heat
Huadian Group Beijing Fuel Logistics Company Limited 華電集團北京燃料物流有限公司	400,000	91		– Coal wholesale business
Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited 河北華電石家莊裕華熱電有限公司	726,020	60	40	Generation and sale of electricity and heat
Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited 河北華電石家莊鹿華熱電有限公司	500,550	90		– Generation and sale of electricity and heat
Sichuan Guang'an Power General Company Limited 四川廣安發電有限責任公司	1,826,135	80		– Generation and sale of electricity
Huadian Xinxiang Power Generation Company Limited 華電新鄉發電有限公司	853,386	98.72		– Generation and sale of electricity
Anhui Huadian Suzhou Power Generation Company Limited ("Suzhou Company") 安徽華電宿州發電有限公司	1,479,118	98.27 (Note(iii))		– Generation and sale of electricity
Anhui Huadian Wuhu Power Generation Company Limited 安徽華電蕪湖發電有限公司	1,658,733	65		– Generation and sale of electricity and heat
Hangzhou Huadian Banshan Power Generation Company Limited 杭州華電半山發電有限公司	1,706,610	64		– Generation and sale of electricity and heat

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 46 SUBSIDIARIES (Continued)

## (a) General information of subsidiaries (Continued)

The following list contains only the particulars of subsidiaries as at 31 December 2021, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group: (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Hebei Huadian Shijiazhuang Thermal Power Company Limited 河北華電石家莊熱電有限公司	1,132,530	82		– Generation and sale of electricity and heat
Huadian Hubei Power Generation Company Limited (“Hubei Power Generation”) 華電湖北發電有限公司	4,685,158	82.56		– Generation and sale of electricity and heat
Shaoguan Pingshi Power Plant Company Limited (Plant B) 韶關市坪石發電廠有限公司(B廠)	1,410,490	100		– Generation and sale of electricity
Huadian Qingdao Thermal Power Company Limited 華電青島熱力有限公司	30,000	55		– Generation and sale of electricity and heat
Huadian Zibo Thermal Power Company Limited 華電濰博熱電有限公司	773,850	100		– Generation and sale of electricity and heat
Huadian Zhangqiu Power Generation Company Limited 華電章丘發電有限公司	758,114	87.5		– Generation and sale of electricity and heat
Huadian Tengzhou Xinyuan Thermal Power Company Limited 華電滕州新源熱電有限公司	514,205	93.26		– Generation and sale of electricity
Sichuan Huadian Zagunao Hydroelectric Development Company Limited 四川華電雜谷腦水電開發有限責任公司	980,563	64		– Generation and sale of electricity
Hebei Huarui Energy Group Corporation Limited 河北華瑞能源集團有限公司	938,000	100		– Sale of electricity and investment on power resources
Huadian Longkou Power Generation Plant Company Limited 華電龍口發電股份有限公司	471,433	100 (Note(iv))		– Generation and sale of electricity and heat
Shijiazhuang Huadian Heat Corporation Limited 石家莊華電供熱集團有限公司	553,370	100		– Sale of heat
Hebei Huadian Hybrid Storage Hydropower Company Limited 河北華電混合蓄能水電有限公司	123,300	100		– Generation and sale of electricity
Huadian Zoucheng Thermal Power Company Limited 華電鄒城熱力有限公司	80,000	70		– Generation and sale of electricity and heat
Guangdong Huadian Shaoguan Thermal Power Company Limited 廣東華電韶關熱電有限公司	770,951	100		– Sales of Coal mine machinery equipment and accessories
Tianjin Huadian Nanjiang Thermal Power Company Limited 天津華電南疆熱電有限公司	501,360	65		– Generation and sale of electricity and heat
Qingdao Huatuo Technology Company Limited 青島華拓科技有限公司	100,000	100		– Design and Development
Guangdong Huadian Huizhou Energy Company Limited 廣東華電惠州能源有限公司	4,000	100		– Generation and sale of electricity and heat
Hunan Huadian Changde Power Generation Company Limited (“Changde Company”) 湖南華電常德發電有限公司	990,944	48.98 (Note(v))		– Generation and sale of electricity

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 46 SUBSIDIARIES (Continued)

#### (a) General information of subsidiaries (Continued)

The following list contains only the particulars of subsidiaries as at 31 December 2021, all of which are limited liability companies established and operating in the PRC, which principally affect the results, assets or liabilities of the Group: (Continued)

Name of company	Paid up capital RMB'000	Proportion of ownership interest and voting rights		Principal activities
		Held by the Company %	Held by subsidiaries %	
Hunan Huadian Changsha Power Generation Company Limited 湖南華電長沙發電有限公司	928,571	70		– Generation and sale of electricity
Hunan Huadian Pingjiang Power Generation Company Limited 湖南華電平江發電有限公司	837,350	100		– Generation and sale of electricity
Guangdong Huadian Qingyuan Energy Company Limited 廣東華電清遠能源有限公司	419,731	100		– Generation and sale of electricity and heat

Notes:

- On 28 October 2021, the Group has entered into a capital reduction agreement with the minority shareholders of Weifang Company. Weifang Company would repurchase the shares held by the minority shareholders with a consideration of approximately RMB939 million. Upon completion of the capital reduction, the Group's effective equity interests in Weifang Company increased to 64.29%.
- During the year ended 31 December 2021, the Group acquired additional equity interests in Fuyuan Thermal for a consideration of approximately RMB500 million by issuance of shares and convertible bond. Upon completion of the acquisition, the Group's effective equity interests in Fuyuan Thermal increased to 100%.
- During the year ended 31 December 2021, the Group acquired additional equity interests in Suzhou Company for a consideration of approximately RMB1,000 million. Upon completion of the acquisition, the Group's effective equity interests in Suzhou Company increased to 98.27%.
- On 28 October 2021, the Group has entered into a capital reduction agreement with the minority shareholders of Longkou Company. Longkou Company would repurchase the shares held by the minority shareholders with a consideration of approximately RMB181 million. Upon completion of the capital reduction, the Group's effective equity interests in Longkou Company increased to 100%.
- In the opinion of the directors of the Company, the Group controls Changde Company by virtue of having the power to direct the relevant activities of the investee, and is exposed, or has rights to variable returns from the involvement with the investee, and has the ability to use its power to affect the amount of those returns.
- The English translation of the names is for the identification only. The official names of these entities are in Chinese.

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of the subsidiary	Place of establishment and principal place of business	Proportion of ownership Interests and voting Rights held by Non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non- controlling interests	
		2021	2020	2021	2020	2021	2020
				RMB'000	RMB'000	RMB'000	RMB'000
Weifang Company	the PRC	35.71%	55%	(229,584)	147,216	709,719	1,848,088
Zouxian Company	the PRC	35%	31%	(89,853)	47,887	963,752	1,095,885
Hubei Power Generation	the PRC	17.44%	17.44%	(114,054)	405,237	954,563	3,970,606
Laizhou Power Generation	the PRC	25%	25%	(121,903)	164,252	779,736	1,049,463
Individually immaterial subsidiaries with non-controlling interests						9,152,378	13,283,706
Total						12,560,148	21,247,748

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 46 SUBSIDIARIES (Continued)

## (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information including goodwill and effect of fair value adjustments of assets and liabilities recognised upon acquisition of these subsidiaries but before inter-company eliminations is as follows:

## (i) Weifang Company and its subsidiary

	2021 RMB'000	2020 RMB'000
Current assets	1,012,423	329,474
Non-current assets	4,050,446	4,049,180
Current liabilities	(2,133,277)	(535,017)
Non-current liabilities	(920,674)	(474,992)
<b>Total equity</b>	<b>2,008,918</b>	<b>3,368,645</b>
Non-controlling interests of Weifang Company	(21,706)	(21,977)
	2021 RMB'000	2020 RMB'000
Revenue	3,649,805	3,319,182
Expenses	(4,072,700)	(3,048,963)
(Loss)/profit for the year	(422,895)	270,219
Non-controlling interests of Weifang Company	(291)	(298)
Dividends paid to non-controlling interests	–	55,140
Net cash (outflow)/inflow from operating activities	(795,928)	747,106
Net cash outflow from investing activities	(287,856)	(281,389)
Net cash inflow/(outflow) from financing activities	1,066,738	(452,384)
<b>Net cash (outflow)/inflow</b>	<b>(17,046)</b>	<b>13,333</b>

## (ii) Zouxian Company

	2021 RMB'000	2020 RMB'000
Current assets	668,797	197,241
Non-current assets	4,249,293	4,136,538
Current liabilities	(1,709,213)	(696,226)
Non-current liabilities	(100,000)	(102,880)
<b>Total equity</b>	<b>3,108,877</b>	<b>3,534,673</b>
	2021 RMB'000	2020 RMB'000
Revenue	3,851,174	3,277,609
Expenses	(4,160,145)	(3,123,135)
(Loss)/profit for the year	(308,971)	154,474
Dividends paid to non-controlling interests	43,036	15,273
Net cash (outflow)/inflow from operating activities	(299,824)	571,855
Net cash outflow from investing activities	(432,894)	(190,203)
Net cash inflow/(outflow) from financing activities	737,042	(377,029)
<b>Net cash inflow</b>	<b>4,324</b>	<b>4,623</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 46 SUBSIDIARIES (Continued)

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

##### (iii) Hubei Power Generation and its subsidiaries

	2021 RMB'000	2020 RMB'000
Current assets	4,365,458	2,912,578
Non-current assets	13,079,684	15,184,035
Current liabilities	(6,086,751)	(5,295,685)
Non-current liabilities	(4,199,000)	(4,497,027)
<b>Total equity</b>	<b>7,159,391</b>	8,303,901
<b>Non-controlling interests of Hubei Power Generation</b>	<b>(1,685,131)</b>	(2,387,251)
	2021 RMB'000	2020 RMB'000
Revenue	12,375,362	10,087,344
Expenses	(13,414,526)	(8,997,944)
<b>(Loss)/profit for the year</b>	<b>(1,039,164)</b>	1,089,400
<b>Non-controlling interests of Hubei Power Generation</b>	<b>(385,086)</b>	(279,895)
Dividends paid to non-controlling interests	106,770	394,388
Net cash (outflow)/inflow from operating activities	(1,049,743)	2,258,586
Net cash inflow/(outflow) from investing activities	43,970	(1,129,022)
Net cash inflow/(outflow) from financing activities	1,313,834	(1,688,079)
<b>Net cash inflow/(outflow)</b>	<b>308,061</b>	(558,515)

##### (iv) Laizhou Power Generation

	2021 RMB'000	2020 RMB'000
Current assets	1,151,288	412,291
Non-current assets	9,871,944	10,562,502
Current liabilities	(3,420,917)	(3,017,600)
Non-current liabilities	(4,483,380)	(3,759,339)
<b>Total equity</b>	<b>3,118,935</b>	4,197,854
	2021 RMB'000	2020 RMB'000
Revenue	7,592,678	5,624,065
Expenses	(8,116,016)	(4,967,059)
<b>(Loss)/profit for the year</b>	<b>(523,338)</b>	657,006
Dividends paid to non-controlling interests	147,826	75,000
Net cash (outflow)/inflow from operating activities	(172,059)	2,009,161
Net cash outflow from investing activities	(505,872)	(403,751)
Net cash inflow/(outflow) from financing activities	663,521	(1,587,667)
<b>Net cash (outflow)/inflow</b>	<b>(14,410)</b>	17,743

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 47 DISPOSAL OF NEW ENERGY COMPANIES FOR EQUITY INTERESTS IN FUXIN DEVELOPMENT

On 24 May 2021, the Company entered into a Capital Increase Agreement (“**Agreement**”) with Huadian Fuxin Energy Corporation Limited (“**Huadian Fuxin**”), a fellow subsidiary of the Group, and Huadian Fuxin’s subsidiary, Huadian Fuxin Energy Development Company Limited (“**Fuxin Development**”), pursuant to which the Company agreed to make a capital contribution of approximately RMB21,237 million in Fuxin Development, by way of (i) a transfer of the equity interests held by the Company in 27 subsidiaries (together the “**New Energy Companies**”) to Fuxin Development, representing an amount of not more than approximately RMB13,609 million; and (ii) a cash payment of not lower than approximately RMB7,628 million by the Company to Fuxin Development. Details of the transaction are set out in the circular issued by the Company dated 15 June 2021.

The transaction has been approved by shareholders in the annual general meeting on 30 June 2021 and the directors considered the date of completion of transaction to be 30 June 2021. Upon the completion of transaction, the Group holds 37.19% interest in Fuxin Development in the amount of approximately RMB21,542 million, which becomes an associate of the Group, and the New Energy Companies cease to be subsidiaries of the Company on the same date.

The Group’s equity interests in the New Energy Companies disposed of are as follows:

	Equity interests
Huadian Huzhou New Energy Power Generation Company Limited	100%
Huadian Ningbo New Energy Power Generation Company Limited	100%
Huadian Henan New Energy Power Generation Company Limited	100%
Huadian Taiqian Photovoltaic Power Generation Company Limited	50%
Huadian Laizhou Wind Power Company Limited	55%
Huadian Laizhou Wind Power Generation Company Limited	55%
Huadian Laizhou Wind Energy Power Company Limited	55%
Huadian Longkou Wind Power Company Limited	65%
Longkou Dongyi Wind Power Company Limited	55%
Huadian Shandong New Energy Company Limited	100%
Huadian Xuwen Wind Power Company Limited	100%
Huadian Xiaxian Wind Power Company Limited	100%
Shanxi Huadian Pinglu New Energy Company Limited	100%
Shanxi Huadian Ying County New Energy Company Limited	100%
Zezhou County Huadian Wind Power Company Limited	100%
Shaanxi Huadian Xunyi Wind Power Company Limited	100%
Huadian Chongqing New Energy Power Generation Company Limited	100%
Hebei Huadian Guyuan Wind Power Company Limited (Note (i))	61.87%
Hebei Huadian Kangbao Wind Power Company Limited	100%
Huadian Tangshan Wind Power Company Limited	100%
Huadian Zhangjiakou Saibei New Energy Generation Company Limited	100%
Huadian Power International Ningxia New Energy Power Company Limited (Note (ii))	63.93%
Huadian Ningxia Ningdong Shangde Solar Power Generation Company Limited	60%
Huadian Kezuozhongqi Wind Power Company Limited	100%
Huadian Wengniuteqi Wind Power Company Limited	100%
Huadian Fengzhen City Fengdi Wind Power Generation Company Limited	100%
Huadian (Zhengxiangbai Banner) New Energy Company Limited	100%

Notes:

- (i) The Group retained 38.13% in Hebei Huadian Guyuan Wind Power Company Limited. Hence, it becomes an associate of the Group on the same date upon completion of the disposal.
- (ii) The Group retained 36.07% in Huadian Power International Ningxia New Energy Power Company Limited. Hence, it becomes an associate of the Group on the same date upon completion of the disposal.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 47 DISPOSAL OF NEW ENERGY COMPANIES FOR EQUITY INTERESTS IN FUXIN DEVELOPMENT (Continued)

	<i>RMB'000</i>
<b>Gain on disposal of New Energy Companies</b>	
Net assets of New Energy Companies disposed of (Note (i))	16,298,692
Less: Fair value of investment retained	(2,336,237)
Less: Non-controlling interests	(3,111,183)
Net assets attributable to equity holders of the Company	10,851,272
Add: Cash consideration (Note (ii))	7,686,554
Less: Share of 37.19% of net assets of Fuxin Development (Note (iii))	(21,541,700)
Gain on disposal of subsidiaries	(3,003,874)
<b>Cash outflow arising from disposal of New Energy Companies:</b>	
Cash and cash equivalents disposed of	(553,985)
<b>Cash outflow arising from acquisition of Fuxin Development:</b>	
Cash consideration	(7,686,554)

Notes:

- (i) The major classes of assets and liabilities of New Energy Companies at the date of disposal upon the completion of the Agreement as described above was as follows:

	<i>RMB'000</i>
<b>Assets:</b>	
Property, plant and equipment	25,183,956
Right-of-use assets	567,162
Construction in progress	1,110,295
Intangible assets	847,616
Inventories	69,496
Trade debtors and bills receivable	4,962,198
Cash and cash equivalents	553,985
Other assets	1,408,233
	34,702,941
<b>Liabilities:</b>	
Bank loans	(13,525,836)
Trade creditors and bills payable	(2,927,066)
Other liabilities	(1,951,347)
	(18,404,249)
<b>Net assets of New Energy Companies disposed of</b>	<b>16,298,692</b>

- (ii) Pursuant to the Agreement, the cash consideration is adjusted for the value of the transferred assets and capital contribution from Huadian Fuxin and the contributed amount for all the dividends received and change in capital of the New Energy Companies by the Company to Fuxin Development during the transitional period (i.e., the period from 1 January to 30 June 2021).
- (iii) The amount represents the fair value of 37.19% equity interest in Fuxin Development at completion date. The fair value of approximately RMB57,923 million comprises appraised value of 100% equity interests as at 31 December 2020 in New Energy Companies, Fuxin Development and New Energy Equity, appraised value of New Energy Assets as at 31 December 2020, the cash receipts and payments by Fuxin Development for the New Energy Companies, New Energy Assets and Equity, as well as the adjustments during the transition period (i.e., 1 January 2021- 30 June 2021).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 48 ACQUISITION OF SUBSIDIARIES

On 1 July 2021, the Group has completed the acquisition of 48.98%, 70% and 100% equity interests in Hunan Huadian Changde Power Generation Company Limited, Hunan Huadian Changsha Power Generation Company Limited and Hunan Huadian Pingjiang Power Generation Company Limited (together the “**Hunan Area Companies**”) respectively held by China Huadian. The acquisition has been accounted for as an acquisition of business using the acquisition method. The cash consideration is RMB3,495,675,000. The acquisition was made by the Group with the aim to provide support to the sustainable and stable development of the business of the Group, and enhance the Group’s overall competitiveness through integration of relevant prime assets, expansion of its production scale and optimisation of the assets structure in Hunan region, in order to further improve the Company’s profitability and its market position in the industry.

The fair value of identifiable assets and liabilities of Hunan Area Companies as at the completion date of the acquisition was:

	<i>RMB'000</i>
<b>Assets :</b>	
Property, plant and equipment (note 17)	6,043,972
Construction in progress (note 19)	1,379,762
Right-of-use asset	1,035,616
Interests in associates and joint ventures	44,911
Financial assets at fair value through profit or loss	15,217
Inventories	193,892
Trade debtors and bills receivable	546,751
Deposit, other receivables and prepayments	179,895
Restricted deposits	4,576
Cash and cash equivalents	296,963
Deferred tax assets	2,008
Other asset	72,296
	9,815,859
<b>Liabilities :</b>	
Bank loans	(3,255,910)
Trade creditors and bills payable	(419,807)
Other payables	(123,339)
Tax payable	(32,049)
Deferred government grants	(698)
Deferred tax liabilities	(328,041)
Other liabilities	(698,293)
	(4,858,137)
<b>Net asset</b>	4,957,722

The fair value of trade debtors and bills receivable, deposits and other receivables amounted to RMB726,646,000. The gross amount of these receivables is RMB726,646,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

### Goodwill arising on acquisition

	<i>RMB'000</i>
Consideration transferred	3,495,675
Plus: non-controlling interests	1,851,585
Less: recognised amount of identifiable net assets acquired	(4,957,722)
	389,538
Goodwill on acquisition (note 21)	389,538

Goodwill arose in the acquisition of Hunan Area Companies because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development in Hunan Province and expected synergies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 48 ACQUISITION OF SUBSIDIARIES (Continued)

Net cash outflows from the acquisition :

	<i>RMB'000</i>
Cash consideration	3,495,675
Cash and cash equivalents in the subsidiary acquired	(296,963)
<b>Net outflow of cash and cash equivalents included in cash flows from investing activities</b>	<b>3,198,712</b>

Since the acquisition date, Hunan Area Companies have contributed approximately RMB3,087 million and RMB493 million to the Group's turnover and loss, respectively. If the acquisition had occurred on 1 January 2021, the Group's turnover and loss would have been approximately RMB4,857 million and RMB362 million, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of turnover and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

### 49 LOSS OF CONTROL OF SUBSIDIARIES

During the year ended 31 December 2021, the Group has lost control over certain subsidiaries, of which the details are set out as follows. Upon loss of control, the Group derecognised non-controlling interests of RMB1,576,386,000 and the disposed cash and cash equivalents amounting to RMB994,929,000, which resulted in net cash inflows of RMB10,583,718,000 during the year ended 31 December 2021.

	<i>RMB'000</i>
	<b>Equity interests</b>
Ningxia Lingwu	(a) 65%
Ningxia Heating	(a) 53%
Shanxi Maohua Energy Investment Company Limited	(b) 100%
Shanxi Shuozhou Pinglu Maohua Bailu Coal Company Limited	(b) 100%
Shanxi Shuozhou Pinglu Maohua Dongyi Coal Company Limited	(b) 70%
Shanxi Shuozhou Pinglu Maohua Wantongyuan Coal Company Limited	(b) 70%
Shanxi Shuozhou Pinglu Maohua Xialiyuan Coal Company Limited	(b) 100%
Hubei Huadian Wuxue New Energy Co., Ltd.	(c) 100%
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Co., Ltd.	(c) 100%
Hubei Huadian Zaoyang Photovoltaic Power Generation Co., Ltd.	(c) 100%
Hebei Huadian Yuzhou Wind Power Co., Ltd.	(c) 100%
Zanhuang County Mingchengyumeng Energy Technology Company Limited	(d) 100%
Inner Mongolia Huadian Mengdong Energy Company Limited	(d) 100%
Huadian Chengwu New Energy Company Limited	(d) 60%
Huadian Liao Cheng New Energy Company Limited	(d) 60%
Inner Mongolia Haoyuan Coal Company Limited ("Haoyuan Company")	(e) 100%
	<i>RMB'000</i>
<b>Gain on disposal of subsidiaries</b>	
Net assets of subsidiaries of disposed of (Note)	11,509,464
Less: Non-controlling interests	(1,576,386)
Net assets attributable to equity holders of the Company	9,933,078
Less: Cash consideration	(11,578,647)
<b>Gain on disposal of subsidiaries</b>	<b>(1,645,569)</b>
<b>Cash inflow arising from disposal of subsidiaries:</b>	
Cash consideration	11,578,647
Less: Cash and cash equivalents disposed of	(994,929)
<b>Cash inflow arising from disposal of subsidiaries</b>	<b>10,583,718</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 49 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

Note:

The major classes of assets and liabilities of subsidiaries at the date of disposal upon the completion of the agreements as described above was as follows:

	<i>RMB'000</i>
<b>Assets:</b>	
Property, plant and equipment	16,595,953
Construction in progress	561,044
Intangible assets	1,309,722
Cash and cash equivalents	994,929
Other assets	9,628,641
	29,090,289
<b>Liabilities:</b>	
Bank loans	(6,153,110)
Trade creditors and bills payable	(2,008,460)
Other liabilities	(9,419,255)
	(17,580,825)
<b>Net assets of subsidiaries</b>	11,509,464

#### (a) Disposal of Ningxia Lingwu and Ningxia Heating

On 26 February 2021, the Group entered into 2 sales and purchase agreements with China Huadian, pursuant to which, the Group agreed to sell, and China Huadian agreed to purchase (i) 65% equity interest in Huadian Ningxia Lingwu Power Generation Company Limited ("**Ningxia Lingwu**") and the dividends receivable from Ningxia Lingwu; and (ii) 53% equity interest in Ningxia Huadian Heating Corporation Limited ("**Ningxia Heating**"). Details of the transaction are set out in the circular issued by the Company dated 31 March 2021.

In May 2021, the Group completed the above disposal for a total consideration of RMB4,335,986,000 and recorded a gain on disposal of RMB881,820,000.

#### (b) Disposal of Maohua Company

On 27 September 2021, the Group entered into a sale and purchase agreement with China Huadian, pursuant to which, the Group agreed to sell, and China Huadian agreed to purchase (i) 100% equity interest in Shanxi Maohua Energy Investment Company Limited ("**Maohua Company**") and its subsidiaries held by the Group; and (ii) the Maohua Debt Receivables. Details of the transaction are set out in the circular issued by the Company dated 27 October 2021.

In November 2021, the Group completed the above disposal for a total consideration of RMB1 and recorded a loss on disposal of RMB137,438,000.

#### (c) Disposal of subsidiaries and assets group to Fuxin Development and its subsidiaries

On 24 May 2021, the Group entered equity and assets disposal agreements with certain subsidiaries of Fuxin Development, pursuant to which the subsidiaries of Fuxin Development agreed to purchase, and the subsidiaries of the Company agreed to sell 4 subsidiaries and certain assets group. Details of the transaction are set out in the circular issued by the Company dated 15 June 2021.

On 30 June 2021, except for Lechang Branch assets group, the Group completed the above disposal for a total consideration of RMB1,776,338,000 and recorded a loss on disposal of RMB51,252,000.

#### (d) Disposal of subsidiaries to Fuxin Development and its subsidiaries

On 28 October 2021, the Group entered into multiple equity disposal agreements, the assets disposal agreements and preliminary project transfer agreement with Fuxin Development and certain of its subsidiaries, pursuant to which Fuxin Development and certain of its subsidiaries agreed to purchase, and the Company and certain of its subsidiaries agreed to dispose of the 4 subsidiaries, 3 associates, certain assets groups and preliminary project. Details of the transaction are set out in the circular issued by the Company dated 24 November 2021 and announcement issued by the Company dated 28 October 2021.

On 31 December 2021, the Group completed the above disposal for a total consideration of RMB5,466,323,000 and a gain of RMB139,341,000 was recognised in the profit or loss during the year ended 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 49 LOSS OF CONTROL OF SUBSIDIARIES (Continued)

#### (e) Deconsolidation of a subsidiary

On 10 November 2020, a creditor of Haoyuan Company applied for the bankruptcy and liquidation of Haoyuan Company to the Ordos Dongsheng People's Court (the "Court") on the ground that Haoyuan Company is unable to pay its outstanding debt. Pursuant to the judgement on 31 October 2021, the Court ruled the case in favor of the creditor and designated Inner Mongolia Sanheng Law Firm as the bankruptcy administrator of Haoyuan Company.

The directors of the Company considered that the control over Haoyuan Company had been lost since 31 October 2021 and accordingly, the assets and liabilities of Haoyuan Company was deconsolidated from the Group's consolidated financial statements since then and a gain of RMB813,098,000 was recognised in the profit or loss during the year ended 31 December 2021.

The loan to Haoyuan Company of RMB339,198,000 has been fully impaired. The directors of the Company are of the opinion that the deconsolidation of Haoyuan Company would not incur additional material losses to the Group subsequently.

### 50 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Debenture RMB'000	Loans RMB'000	Lease liabilities RMB'000	Bills financing RMB'000	Dividend payables RMB'000	Perpetual capital securities RMB'000	Total RMB'000
At 1 January 2020	16,025,804	99,184,485	2,799,327	15,491	252,825	16,129,055	134,406,987
Financing cash flows	(3,500,000)	(6,191,269)	(1,196,613)	(87,712)	(2,358,255)	7,758,585	(5,575,264)
New leases	-	-	118,518	-	-	-	118,518
Other adjustments	-	923,822	-	-	-	-	923,822
Dividends of perpetual securities recognised as distribution	-	-	-	-	-	(160,326)	(160,326)
Dividends recognised as distribution	-	-	-	-	1,439,995	-	1,439,995
Dividends declared to non-controlling interests	-	-	-	-	1,539,256	-	1,539,256
Interest expense	(33,569)	-	95,783	-	-	-	62,214
Profit attributable to holders of perpetual capital securities	-	-	-	-	-	917,861	917,861
At 31 December 2020 and 1 January 2021	<b>12,492,235</b>	<b>93,917,038</b>	<b>1,817,015</b>	<b>(72,221)</b>	<b>873,821</b>	<b>24,645,175</b>	<b>133,673,063</b>
Financing cash flows	<b>11,099,429</b>	<b>22,052,672</b>	<b>(1,275,275)</b>	<b>(1,536,967)</b>	<b>(4,689,182)</b>	<b>(2,150,000)</b>	<b>23,500,677</b>
New leases	-	-	175,442	-	-	-	175,442
Other adjustments*	-	(27,334,703)	(187,411)	-	(540,750)	16,295	(28,046,569)
Dividends of perpetual securities recognised as distribution	-	-	-	-	1,061,382	(1,061,382)	-
Dividends recognised as distribution	-	-	-	-	2,465,744	-	2,465,744
Dividends declared to non-controlling interests	-	-	-	-	1,381,129	-	1,381,129
Interest expense	371,436	4,125,874	38,616	-	-	-	4,535,926
Profit attributable to holders of perpetual capital securities	-	-	-	-	-	1,023,261	1,023,261
At 31 December 2021	<b>23,963,100</b>	<b>92,760,881</b>	<b>568,387</b>	<b>(1,609,188)</b>	<b>552,144</b>	<b>22,473,349</b>	<b>138,708,673</b>

\* Other adjustments mainly represents net effect from acquisition of subsidiaries, disposal of subsidiaries and capitalisation of loans and dividend payables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

## 51 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 RMB'000	2020 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	15,128,825	15,644,681
Right-of-use assets	1,034,453	941,531
Construction in progress	3,783,286	5,002,669
Investment properties	22,375	–
Intangible assets	20,201	73,943
Goodwill	34,413	34,413
Interests in subsidiaries	43,753,683	47,306,546
Interests in associates and joint ventures	34,647,546	9,121,189
Financial asset at fair value through profit or loss	79,971	45,898
Other non-current assets	737,988	763,060
Deferred tax assets	–	361,092
	<b>99,242,741</b>	79,295,022
<b>Current assets</b>		
Inventories	768,778	350,715
Trade debtors and bills receivable	1,443,804	719,554
Amounts due from subsidiaries	11,470,797	13,340,626
Deposits, other receivables and prepayments	2,841,682	2,604,314
Restricted deposits	9	3,009
Cash and cash equivalents	739,455	933,830
	<b>17,264,525</b>	17,952,048
<b>Current liabilities</b>		
Bank loans	6,319,688	6,219,157
Other loans	3,249,961	1,024,960
Short-term debentures payable	2,023,880	–
Long-term debentures payable – current portion	5,861,218	1,996,838
Amount due to the parent company	13,068	12,804
Amounts due to subsidiaries	1,644,573	1,611,340
Trade creditors and bills payable	404,468	386,081
Other payables	1,487,287	1,780,103
	<b>21,004,143</b>	13,031,283
<b>Net current (liabilities)/assets</b>	<b>(3,739,618)</b>	4,920,765
<b>Total assets less current liabilities</b>	<b>95,503,123</b>	84,215,787
<b>Non-current liabilities</b>		
Bank loans	12,492,889	9,269,764
Other loans	599,990	1,184,400
Long-term debentures payable	16,078,002	10,495,397
Convertible bonds – liability components	1,433,637	–
Deferred government grants	43,334	35,311
Deferred income	123,167	123,023
Deferred tax liabilities	62,703	422
Lease liabilities	93,907	36,721
	<b>30,927,629</b>	21,145,038
<b>Net assets</b>	<b>64,575,494</b>	63,070,749
<b>Capital and reserves</b>		
Share capital	9,869,858	9,862,977
Perpetual capital securities	22,473,349	24,645,175
Reserves	32,232,287	28,562,597
<b>Total equity</b>	<b>64,575,494</b>	63,070,749

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021  
(Expressed in Renminbi)

### 51 STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

#### Movement in the Company's reserves

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Discretionary surplus reserve RMB'000	Retained profits RMB'000	Convertible bonds reserve RMB'000	Perpetual capital securities RMB'000	Total equity RMB'000
Balance at 1 January 2020	9,862,977	14,835,394	3,403,232	68,089	8,297,262	-	16,129,055	52,596,009
Profit for the year	-	-	-	-	3,394,998	-	917,861	4,312,859
Profit and total comprehensive income	-	-	-	-	3,394,998	-	917,861	4,312,859
Dividends recognised as distribution	-	-	-	-	(1,439,995)	-	-	(1,439,995)
Issue of perpetual capital securities	-	-	-	-	-	-	8,492,665	8,492,665
Appropriation of general reserve	-	-	436,379	-	(432,762)	-	-	3,617
Distributions payable to holders of perpetual capital securities	-	-	-	-	-	-	(894,406)	(894,406)
Balance at 31 December 2020 and 1 January 2021	<b>9,862,977</b>	<b>14,835,394</b>	<b>3,839,611</b>	<b>68,089</b>	<b>9,819,503</b>	-	<b>24,645,175</b>	<b>63,070,749</b>
Profit for the year	-	-	-	-	<b>6,055,646</b>	-	<b>1,023,261</b>	<b>7,078,907</b>
Profit and total comprehensive income	-	-	-	-	<b>6,055,646</b>	-	<b>1,023,261</b>	<b>7,078,907</b>
Issue of shares	<b>6,881</b>	<b>22,914</b>	-	-	-	-	-	<b>29,795</b>
Share of reserve of associates	-	<b>37,261</b>	-	-	-	-	-	<b>37,261</b>
Issue of perpetual capital securities	-	-	-	-	-	-	<b>4,496,319</b>	<b>4,496,319</b>
Dividends recognised as distribution	-	-	-	-	<b>(2,465,744)</b>	-	-	<b>(2,465,744)</b>
Redemption of perpetual capital securities	-	<b>(19,976)</b>	-	-	-	-	<b>(6,630,024)</b>	<b>(6,650,000)</b>
Issue of convertible bonds	-	-	-	-	-	<b>41,250</b>	-	<b>41,250</b>
Appropriation of general reserve	-	-	<b>478,622</b>	-	<b>(478,622)</b>	-	-	-
Distributions payable to holders of perpetual capital securities	-	-	-	-	-	-	<b>(1,061,382)</b>	<b>(1,061,382)</b>
Others	-	-	<b>1,395</b>	-	<b>(3,056)</b>	-	-	<b>(1,661)</b>
Balance as at 31 December 2021	<b>9,869,858</b>	<b>14,875,593</b>	<b>4,319,628</b>	<b>68,089</b>	<b>12,927,727</b>	<b>41,250</b>	<b>22,473,349</b>	<b>64,575,494</b>

### 52 EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2021, the Group had the following non-adjusting events:

- In January 2022, the Group issued the first tranche of medium-term notes for the year of 2022 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,500 million with a maturity period of 3 years and bears interest at 2.92% per annum. The tranche is unsecured.
- In January 2022, the Group issued the first tranche of Company's debentures for the year of 2022 in PRC interbank debenture market. The medium-term note was issued at a total par value of RMB2,000 million with a maturity period of 3 years and bears interest at 2.9% per annum. The tranche is unsecured.

Details of above transactions are set out in the announcements issued by the Company dated 7 January 2022 and 18 January 2022, respectively.

## FIVE YEARS FINANCIAL SUMMARY

	2017 <i>RMB'000</i>	2018 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>
Turnover	78,463,912	87,419,418	91,752,980	89,382,243	<b>100,983,552</b>
Profit/(loss) before taxation	1,152,960	2,738,894	5,361,142	6,891,833	<b>(6,990,613)</b>
Income tax(expense)/credit	(458,484)	(826,862)	(1,036,440)	(1,216,202)	<b>1,774,724</b>
Profit/(loss) for the year	694,476	1,912,032	4,324,702	5,675,631	<b>(5,215,889)</b>
Attributable to:					
Equity holders of the Company	435,905	1,445,736	3,385,324	4,166,756	<b>(3,341,982)</b>
Non-controlling interests	258,571	466,296	939,378	1,508,875	<b>(1,873,907)</b>
Profit/(loss) for the year	694,476	1,912,032	4,324,702	5,675,631	<b>(5,215,889)</b>
Total non-current assets	193,817,104	201,724,007	205,564,187	211,834,333	<b>192,792,217</b>
Total current assets	25,160,602	25,772,114	26,600,168	24,856,602	<b>29,593,821</b>
Total assets	218,977,706	227,496,121	232,164,355	236,690,935	<b>222,386,038</b>
Total current liabilities	(80,317,325)	(75,534,410)	(67,329,784)	(59,145,559)	<b>(65,662,934)</b>
Total non-current liabilities	(81,458,588)	(83,719,847)	(84,226,928)	(83,152,267)	<b>(80,454,539)</b>
Net assets	57,201,793	68,241,864	80,607,643	94,393,109	<b>76,268,565</b>
Equity holders of the Company	42,909,159	53,131,142	62,601,738	73,145,361	<b>63,708,417</b>
Non-controlling interests	14,292,634	15,110,722	18,005,905	21,247,748	<b>12,560,148</b>
Total equity	57,201,793	68,241,864	80,607,643	94,393,109	<b>76,268,565</b>



## SUPPLEMENTAL INFORMATION

### 1. DIFFERENCE ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

#### RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRSs

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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



華電國際電力股份有限公司  
HUADIAN POWER INTERNATIONAL CORPORATION LIMITED

中國北京市西城區宣武門內大街2號, 郵編100031  
No.2 Xuanwumennei Street, Xicheng District, Beijing, the PRC  
Zip Code: 100031