



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

Stock Code: 1071



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* For identification purposes only





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COMPANY PROFILE

Huadian Power International Corporation Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) are one of the largest comprehensive energy companies in the People’s Republic of China (the “**PRC**”), and primarily engaged in the construction and operation of power plants, including large-scale efficient coal- or gas-fired generating units and various hydropower projects. The Group’s power generating assets are located in 12 provinces, autonomous regions and municipalities across the PRC at the prime location, mainly in the electricity and heat load centres or regions with abundant coal resources. As at the date of this report, the Group had a total of 42 controlled power plants which have commenced operations involving a total of approximately 53,355.55 MW controlled installed capacity, primarily including approximately 42,360 MW attributable to coal-fired generating units, approximately 8,589.05 MW attributable to gas-fired generating units and approximately 2,403 MW attributable to hydropower generating units.

The Company was incorporated in Jinan, Shandong Province, the PRC on 28 June 1994. On 30 June 1999, the Company issued approximately 1,431 million H shares in its initial public offering, which are listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). On 3 February 2005, the Company issued 765 million A shares in the PRC, which are listed on the Shanghai Stock Exchange. Subsequently, on 1 December 2009, 3 July 2012 and 18 July 2014, the Company issued 750 million, 600 million and 1,150 million A shares, respectively, each through a non-public issuance in the PRC, and all such A shares are listed on the Shanghai Stock Exchange. On 30 July 2014, the Company issued approximately 286 million H shares by way of placing, and such H shares are listed on the Hong Kong Stock Exchange. On 8 September 2015, the Company issued approximately 1,056 million A shares by way of non-public issuance, and such A shares are listed on the Shanghai Stock Exchange. On 28 September 2021, the Company issued approximately 6.8816 million A shares and 14,701,590 convertible corporate bonds by way of non-public issuance, and such A shares and convertible corporate bonds are listed on the Shanghai Stock Exchange. Currently, the Company has an issued share capital comprising 8,152,624,615 A shares and 1,717,233,600 H shares, accounting for approximately 82.60% and 17.40%, respectively, of the total issued share capital of the Company. As of 31 December 2021, the total number of employees of the Group amounted to 25,139.

Details of the Group’s major operational power generating assets as of the date of this report are as follows:

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

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units
	1 Zouxian Plant	2,575	100%	1 x 635 MW + 1 x 600 MW + 4 x 335 MW
	2 Shiliquan Plant	2,120	100%	2 x 660 MW + 2 x 330 MW + 1 x 140 MW
	3 Laicheng Plant	1,200	100%	4 x 300 MW
	4 Shuozhou Thermal Power Branch Company	700	100%	2 x 350 MW
	5 Fengjie Plant	1,200	100%	2 x 600 MW
	6 Huadian Zouxian Power Generation Company Limited (“ Zouxian Company ”)	2,000	69%	2 x 1,000 MW
	7 Huadian Laizhou Power Generation Company Limited (“ Laizhou Company ”)	4,000	75%	4 x 1,000 MW
	8 Huadian Weifang Power Generation Company Limited (“ Weifang Company ”)	2,000	64.29%	2 x 670 MW + 2 x 330 MW
Coal-fired	9 Huadian Qingdao Power Generation Company Limited (“ Qingdao Company ”)	1,220	55%	1 x 320 MW + 3 x 300 MW
	10 Huadian Zibo Thermal Power Company Limited (“ Zibo Company ”)	950	100%	2 x 330 MW + 2 x 145 MW
	11 Huadian Zhangqiu Power Generation Company Limited (“ Zhangqiu Company ”)	925	87.5%	1 x 335 MW + 1 x 300 MW + 2 x 145 MW
	12 Huadian Tengzhou Xinyuan Thermal Power Company Limited (“ Tengzhou Company ”)	930	93.26%	2 x 315 MW + 2 x 150 MW
	13 Huadian Longkou Power Generation Company Limited (“ Longkou Company ”)	880	100%	4 x 220 MW
	14 Sichuan Guang’an Power Generation Company Limited (“ Guang’an Company ”)	2,400	80%	2 x 600 MW + 4 x 300 MW
	15 Huadian Xinxiang Power Generation Company Limited (“ Xinxiang Company ”)	1,320	90%	2 x 660 MW
	16 Huadian Luohe Power Generation Company Limited (“ Luohe Company ”)	660	75%	2 x 330 MW

COMPANY PROFILE (CONTINUED)

Category	Name of power plant/company	Installed capacity (MW)	Equity interest held by the Company	Generating units	
Coal-fired	17 Huadian Qudong Power Generation Company Limited (" Qudong Company ")	660	90%	2 x 330 MW	
	18 Anhui Huadian Suzhou Power Generation Company Limited (" Suzhou Company ")	1,260	98.27%	2 x 630 MW	
	19 Anhui Huadian Wuhu Power Generation Company Limited (" Wuhu Company ")	2,320	65%	1 x 1,000 MW + 2 x 660 MW	
	20 Anhui Huadian Lu'an Power Generation Company Limited (" Lu'an Company ")	1,320	95%	2 x 660 MW	
	21 Hebei Huadian Shijiazhuang Yuhua Thermal Power Company Limited (" Yuhua Company ")	600	100%	2 x 300 MW	
	22 Hebei Huadian Shijiazhuang Luhua Thermal Power Company Limited (" Luhua Company ")	660	90%	2 x 330 MW	
	23 Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B) (" Pingshi Power Company ")	600	100%	2 x 300 MW	
	24 Guangdong Huadian Shaoguan Thermal Power Company Limited (" Shaoguan Thermal Power Company ")	700	100%	2 x 350 MW	
	25 Huadian Hubei Power Generation Company Limited (" Hubei Company ") ^{Note 1}	6,855.6	82.56%	2 x 680 MW + 2 x 660 MW + 2 x 640 MW + 6 x 330 MW + 1 x 300 MW + 2 x 185 MW + 2 x 122.8 MW	
	26 Hunan Huadian Changsha Power Generation Company Limited (" Changsha Company ")	1,200	70%	2 x 600 MW	
	27 Hunan Huadian Changde Power Generation Company Limited (" Changde Company ")	1,320	48.98%	2 x 660 MW	
	Gas-fired	28 Guangdong Huadian Shenzhen Energy Company Limited (" Shenzhen Company ")	365	100%	1 x 120 MW + 2 x 82 MW + 1 x 81 MW
		29 Hangzhou Huadian Banshan Power Generation Company Limited (" Hangzhou Banshan Company ")	2,415	64%	3 x 415 MW + 3 x 390 MW
		30 Hangzhou Huadian Xiasha Thermal Power Company Limited (" Xiasha Company ")	246	56%	1 x 88 MW + 2 x 79 MW
31 Hangzhou Huadian Jiangdong Thermal Power Company Limited (" Jiangdong Company ")		960.5	70%	2 x 480.25 MW	
32 Huadian Zhejiang Longyou Thermal Power Company Limited (" Longyou Company ")		405	100%	1 x 130.3 MW + 2 x 127.6 MW + 1 x 19.5 MW	
33 Hebei Huadian Shijiazhuang Thermal Power Company Limited (" Shijiazhuang Thermal Power Company ")		1,310.2	82%	2 x 453.6 MW + 2 x 200 MW + 3 MW ^{Note 2}	
34 Shijiazhuang Huadian Heat Corporation Limited (" Shijiazhuang Heat Corporation ")		12.55	100%	2 x 4.275 MW + 2 x 2 MW	
35 Huadian Foshan Energy Company Limited (" Foshan Energy Company ")		329	90%	4 x 59 MW + 47.5 MW + 45.5 MW	
36 Tianjin Huadian Fuyuan Thermal Power Company Limited (" Fuyuan Thermal Power Company ")		400	100%	2 x 200 MW	
37 Tianjin Huadian Nanjiang Thermal Power Company Limited (" Nanjiang Thermal Power Company ")		930	65%	2 x 315 MW + 1 x 300 MW	
38 Guangdong Huadian Qingyuan Energy Company Limited (" Qingyuan Company ")		1,003.2	100%	2 x 501.6 MW	

COMPANY PROFILE (CONTINUED)

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

Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of Hubei Company	Generating units
Coal-fired	Huadian Hubei Power Generation Company Limited Huangshi Thermal Power Plant ("Huangshi Thermal Power Plant")	330	100%	1 x 330 MW
	Hubei Xisaishan Power Generation Company Limited ("Xisaishan Company")	660	50%	2 x 330 MW
	Hubei Huadian Xisaishan Power Generation Company Limited ("Huadian Xisaishan Company")	1,360	50%	2 x 680 MW
	Hubei Huadian Xiangyang Power Generation Company Limited ("Xiangyang Company")	2,570	60.1%	2 x 640 MW + 3 x 330 MW + 1 x 300 MW
	Hubei Huadian Jiangling Power Generation Company Limited ("Jiangling Company")	1,320	100%	2 x 660 MW
Gas-fired	Hubei Huadian Wuchang Thermal Power Company Limited ("Wuchang Thermal Power")	370	100%	2 x 185 MW
	Hubei Huadian Xiangyang Gas Turbine Thermal Power Company Limited ("Xiangyang Thermal Power")	245.6	51%	2 x 122.8 MW

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

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

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

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

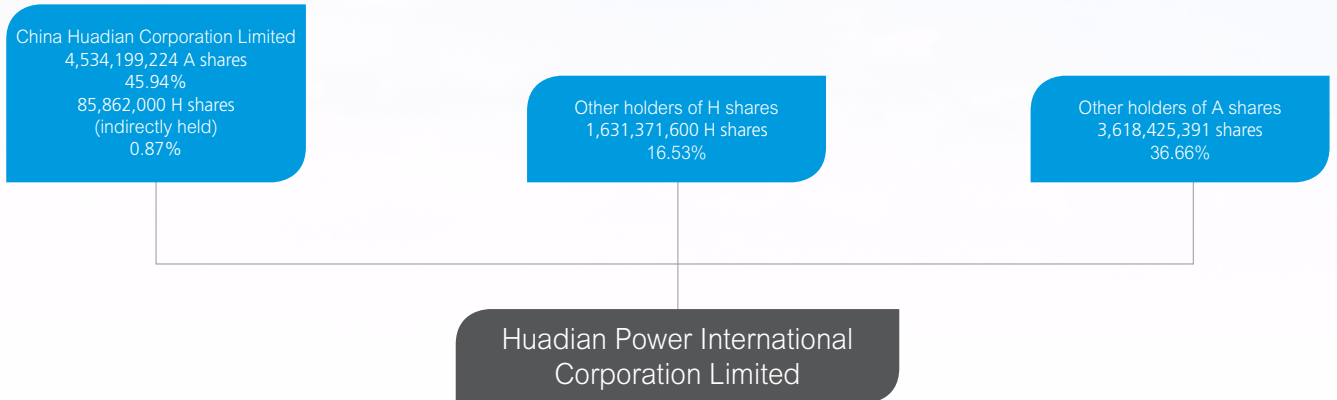
Category	Name of power plant/company	Installed capacity (MW)	Shareholding percentage of Sichuan Investment Company	Generating units
Hydropower	Lixian Xinghe Power Company Limited ("Lixian Company")	67	100%	3 x 11 MW + 4 x 8.5 MW
	Sichuan Liangshan Shuiluohe Hydropower Development Company Limited ("Shuiluohe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

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

COMPANY PROFILE (CONTINUED)

SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this report is set out as follows:



CHAIRMAN'S STATEMENT



Ding Huande

Chairman and
Executive Director

Dear Shareholders,

In 2021, the Group earnestly implemented various decisions and arrangements made by the Board of Directors of the Company (the "Board"), proactively served and participated in the new development paradigm, actively responded to the complicated and changing business forms, coordinated the epidemic prevention and control, production, operation and development, with a focus on carrying out operation, ensuring supply, promoting development and deepening reform to improve its vitality, and standardized its governance to create excellence, thus making new achievements in various work.

In terms of results of operations, in 2021, turnover of the Group was approximately RMB100,984 million, exceeding RMB100,000 million for the first time. Power generation amounted to 232.80 million MWh, representing a year-on-year increase of approximately 7.52%. Heat generation amounted to 154 million GJ, representing a year-on-year increase of 4.82%. The liabilities to assets ratio at the end of the year was 66%, representing an increase of 6 percentage points from the beginning of the year.

In terms of project development, in 2021, the Group actively responded to the complicated and severe business development situation, by deepening the reform to improve its vitality and standardizing its governance to achieve excellence, carrying out high-quality development to make new achievements, thus achieving a good start for the "14th Five-Year Plan." The power supply projects that have been put into operation amounted to 3,885.9 MW for the year, primarily including the installed capacity of 2,520 MW from coal-fired generating units, 1,248.8 MW from gas-fired generating units and 113.6 MW from hydropower generating units. As at the date of this report, the installed capacity of the Group was approximately 53,355.55 MW, in which clean energy accounted for approximately 20.60%. The Group implemented the new development philosophy and formulated the "14th Five-Year" development plan according to the Company's development orientation and regional development environment. The Group strengthened the research on policies for industries including pumped-storage hydropower, energy storage, hydrogen energy and geothermal energy, and put forward the development priorities and guarantee measures. The Group vigorously developed clean energy projects, actively secured hydropower and geothermal projects, accelerated the development of new business forms of green development, built and had in the pipeline, a number of comprehensive energy projects. Based on significant improvement in quality and efficiency, the Group achieved steady growth in scale and strength, continuously adjusted the industrial structure, so as to realize low-carbon transition and upgrading as soon as possible.

In terms of production safety, in 2021, the Group earnestly fulfilled its social responsibilities and made every effort to ensure a safe and reliable supply of energy. The Group understood and grasped the financial condition of its coal-fired power enterprises and provided them with capital support, thus ensuring sufficient supply of fuel, orderly and safe production and stable supply of electricity and heat. The Group strictly implemented the requirements of local governments in respect of prevention and control of the COVID-19 outbreak, regularly studied the outbreak, actively arranged epidemic prevention tasks and distributed epidemic prevention materials in a timely manner, so as to minimize the adverse impact of the outbreak on the personal health of employees and the production and operation of the Company. The Group actively formulated and published work plans for seasonal inspection, flood prevention, "production safety month" and winter power production safety. The Group strengthened the control of potential safety hazards, and put forward suggestions on management and continuously followed up relevant matters.

CHAIRMAN'S STATEMENT (CONTINUED)



In terms of environmental protection, the Group comprehensively performed the responsibilities for environmental protection management, strengthened the environmental protection supervision, and thus the pollutants were discharged in accordance with laws and standards. The Group actively followed up the work under the inspection system of the central government for environmental protection, and no environmental incidents affecting the Company's image occurred. The Group strengthened the study on carbon emission policies and regulations, and tracked the carbon emissions trading, and properly carried out carbon emission management. The Group strengthened the supervision of major energy consumption indicators and the implementation of consumption reduction measures, continuously optimized the energy efficiency level of power generating units, thus reducing the coal consumption of power supply by 2.84g/kWh year on year.

In terms of shareholders' returns, the Group implemented a continuous, stable and active profit distribution policy under the principle of focusing on reasonable investment returns for shareholders, in consideration of the overall interests of all shareholders, the long-term interests and reasonable capital needs of the Company. On 30 June 2021, the Shareholders' Return Plan for the Years 2020-2022 was considered and approved at the annual general meeting of the Company for 2020. From 2020 to 2022, in principle, the profit to be distributed in cash by the Company will not be less than 50% of the distributable profits for the year as indicated in the consolidated statements, and the dividend per share will not be less than RMB0.2. The Board proposes a final cash dividend of RMB0.25 per share (tax inclusive) for the financial year ended 31 December 2021.

In 2021, employees of the Group united as one and made great achievements. The Group won the "Best ESG Award" by the China Financial Market for the first time, the "Outstanding Enterprise in Responsibility, Communication and Innovation" award for the enterprises in the power industry in China for the second year running, the "Best Listed Company" award in the China Securities Golden Bauhinia Award for the third year running, the rating of A in information disclosure in the Shanghai Stock Exchange for the seventh year running, and the general manager of the Company was awarded the "Best CEO of Listed Company" in the Bauhinia Award 2021. Our excellent results and valuable practical experience depend on the courage and initiative of our staff, the constant trust and support of our shareholders and the continuous care and help from all walks of life. I would like to express my heartfelt thanks to them!

2022 is the key year for the Company to advance the implementation of the "14th Five-Year" Plan. Based on doing well in various tasks for this year, the Group will specify new tasks, implement new measures, achieve new results and create new situations. The Group will make efforts to contend for first place and take on the responsibility. The Group will accelerate the establishment of a first-class listed energy company with an international reputation.

BUSINESS REVIEW AND OUTLOOK



Luo Xiaoqian

Executive Director
and General Manager

BUSINESS REVIEW

(1) Power Generation

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

(2) Turnover

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

(3) Loss

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

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

(4) The Capacity of Newly-added Generating Units

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

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

(5) Generating Units under Construction

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

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

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

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

Company Name	Installed capacity (MW)
Huadian Ningxia Lingwu Power Generation Company Limited	3,320
Huadian Laizhou Wind Power Company Limited	40.5
Hebei Huadian Kangbao Wind Power Company Limited	729.5
Huadian Kezuozhongqi Wind Power Company Limited	49.5
Huadian Ningxia Ningdong Shangde Solar Power Company Limited	10
Huadian Laizhou Wind Power Generation Company Limited	146
Longkou Dongyi Wind Power Company Limited	80
Hebei Huadian Guyuan Wind Power Company Limited	490.5
Huadian Power International Ningxia New Energy Power Company Limited	1,541.6
Huadian Longkou Wind Power Company Limited	99.3
Huadian Laizhou Wind Energy Power Company Limited	149.4
Huadian Xuwen Wind Power Company Limited	198
Huadian Xiaxian Wind Power Company Limited	100
Huadian Zhangjiakou Saibei New Energy Generation Company Limited	4
Huadian Wengniuteqi Wind Power Company Limited	49.5
Zezhou County Huadian Wind Power Company Limited	197.7
Shaanxi Huadian Xunyi Wind Power Company Limited	100
Huadian Huzhou New Energy Power Generation Company Limited	38.2
Huadian Ningbo New Energy Generation Company Limited	10
Huadian Henan New Energy Power Generation Company Limited	40
Huadian Shandong New Energy Company Limited	763
Shanxi Huadian Pinglu New Energy Company Limited	99.2
Huadian Taiqian Photovoltaic Power Generation Company Limited	100
Huadian (Zhengxiangbai Banner) New Energy Company Limited	99
Shanxi Huadian Ying County New Energy Company Limited	50

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

Company Name	Installed capacity (MW)
Hebei Huadian Yuzhou Wind Power Company Limited	99
Hubei Huadian Suixian Yindian Photovoltaic Power Generation Company Limited	100
Hubei Huadian Zaoyang Photovoltaic Power Generation Company	100
Hubei Huadian Wuxue New Energy Company Limited	120
Hebei Huadian Complex Pumping-storage Hydropower Company Limited Zanhuan New Energy Branch Company	270
Huadian Hubei Power Generation Company Limited Huangshi Photovoltaic Power Generation Branch Company	6.4
Huadian Hubei Power Generation Company Limited Wuhan Photovoltaic Power Generation Branch Company	8
Huadian Laizhou Power Generation Company Limited (only photovoltaic business)	1.1
Huadian Zhejiang Longyou Thermal Company Limited (only photovoltaic business)	32.8
Huadian Weifang Power Company Limited (only photovoltaic business)	2.4
Hangzhou Huadian Banshan Power Generation Company Limited (only photovoltaic business)	0.7
Inner Mongolia Huadian Mengdong Energy Company Limited	399
Zanhuan County Mingchengyumeng Energy Technology Company Limited	20
Shaoguan City Pingshi Electric Power Plant Company Limited (Plant B), Lechang Wind Power Branch	100
Total	9,764.3

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

BUSINESS OUTLOOK

(1) Competitive landscape in the industry and development trend

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

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

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

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

(2) Development Strategies of the Group

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

(3) Operation Plan of the Group in 2022

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

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

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

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

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

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

BUSINESS REVIEW AND OUTLOOK (CONTINUED)

(4) Possible Risks and Measures

The Central Economic Work Conference pointed out that China's economy was under three pressures, namely shrinking demand, supply shock and weaker expectation. The power industry was subject to accelerated reform, industry upgrading and intensified competition. Due to the "three pressures", there was a very severe and complicated operating situation for the Group, and the risks to which the Group may be subject mainly include:

Firstly, the risk from the COVID-19 outbreak. Despite the effective control of the COVID-19 outbreak and the overall stability of the epidemic prevention form, there were risks of local outbreak, which may have a certain impact on macroeconomic recovery, electricity demand and supply, coal production, transportation, etc.

The Group will strictly implement measures for normalized prevention and control of COVID-19 outbreak, and closely track the changes in the outbreak, so as to ensure that risks in respect of personnel safety, power production, material support and fuel supply are controllable and under control, and to overcome the adverse effects of the epidemic.

Secondarily, power market risk. In order to achieve the strategic goals of "carbon peaking and carbon neutrality", China promotes the construction of a new power system with new energy as the mainstay. At present, the proportion of the installed capacity of thermal generating units of the Group is relatively high, and the problem of unbalanced and uncoordinated power source structure and asset allocation still exists.

The Group will actively participate in and serve the construction of a new power market based on the actual national conditions of China such as energy resource conditions, economic and social development. In advancing the transformation and upgrading of coal-fired power generating units, the Group will give overall consideration to the energy-saving transformation of coal-fired power generating units, the heating reconstruction and flexibility transformation, enable the coal-fired power generating units to play a greater role in peak load, frequency, voltage regulation and standby of the power system, so as to meet the basic need and ensure the supply. The Group will explore a comprehensive energy service market, actively participate in the response to the demand in the power grid, and promote the development of new business models including "multi-energy complementation", "integration of wind power generation, photovoltaic power generation, hydropower generation, thermal power generation and energy storage" and "integration of power source, power grid, load and energy storage." The Group will accelerate the development of new business forms of green development including energy storage and vigorously promote the development of pumped storage projects.

Thirdly, coal market risk. Since September 2021, domestic thermal coal prices have increased significantly due to the supply less than demand of energy as a result of various factors at home and abroad. Due to the new mechanism of pricing under long-term agreements and the reduction in the purchase price by large coal enterprises, the coal prices in the producing areas and ports decreased continuously and significantly. However, thermal coal prices remain high. It will take a while for the prices to return to a reasonable range.

The Group will strengthen the research on the coal market and make efforts to control the purchase cost of coal through measures including executing more long-term contracts, optimizing the structure of coal purchase and strengthening seasonal reserve.

Fourthly, carbon market risk. All thermal power enterprises of the Group are included in the first list of enterprises under management and control for trading in the national carbon market. With the continuous improvement in the carbon market, it is expected that the benchmark for allocation of carbon allowances may be gradually tightened in the future, which will further increase the production and operation costs of coal-fired power enterprises.

The Group will continuously strengthen carbon emissions management, and actively explore and participate in carbon emission trading, and make efforts to complete the performance of agreements for trading in the national carbon market as scheduled, at a lower cost.

Fifthly, environmental protection risk. In February 2022, the Administrative Measures for the Disclosure of Environmental Information by Enterprises by Law published by the Ministry of Ecology and Environment came into force, which confirms the discloser, contents and time limit of the disclosure of environmental information in accordance with the law, and specifies the supervision, management and punishment. The stricter environmental protection policies impose higher requirements on the Group's transformation and upgrading and expose the Group to environmental protection risks to a certain extent.

The Group will actively follow up the concerns of environmental protection authorities, actively carry out water pollution prevention and control work, and rectification and improvement of comprehensive wastewater treatment, while strengthening the operation and maintenance of the ultra-low emission facilities of coal-fired power plants. The Group will increase the comprehensive utilization of fly ash, desulfuration gypsum and other general solid waste. The Group will pay attention to the treatment of hazardous wastes such as waste catalysts and reduce the storage of solid wastes. The Group will defend the blue sky, clear water and clean land under a higher standard.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the biographies of the directors of the Company (the “**Director(s)**”), the supervisors of the Company (the “**Supervisor(s)**”) and senior management of the Company are as follows:



Ding Huande (丁煥德) Chinese nationality, born in August 1962, a senior engineer. He graduated from North China Electric Power University with a master’s degree in engineering. He is currently the Chairman of the Company, and an assistant to the general manager of China Huadian Corporation Limited. He worked at Huangdao Power Plant, Qingdao Power Plant, Linyi Power Generation Company Limited, Shandong International Power Development Company Limited, Huadian Fuel Company Limited, Huadian Coal Industry Group Company Limited. Mr. Ding has over thirty years of experience in power production, allocation and fuel management.



Ni Shoumin (倪守民) Chinese nationality, born in October 1962. He graduated from Zhongnan University of Economics and Law, with a master’s degree in Executive Master of Business Administration (EMBA). He currently serves as the vice Chairman of the Company, and concurrently serves as the deputy secretary of the party committee and a director of Shandong Development Investment Holding Group Co., Ltd., a director of Taihe Assets Management Co., Ltd. and a director of Shandong Nuclear Power Company Ltd.. Mr. Ni started his career in July 1984, and has worked successively for the General Office of Shandong Provincial Government, Hong Kong Hualu Group Co., Ltd., Shandong Hualu Group Company Limited and Hualu Holdings Group Company Limited. Mr. Ni has more than thirty years of working experience in macroeconomics, corporate management, etc.



Peng Xingyu (彭興宇) Chinese nationality, born in November 1962. He is a Chinese certified public accountant and a senior accountant. He graduated from Wuhan University with a master’s degree in Economics. He is currently the Director of the Company and the chief auditor of China Huadian Corporation Limited. Mr. Peng had worked at Huazhong Electric Power Management Bureau, China Huazhong Electric Power Corporation, Hubei Electric Power Company and China Huadian Corporation Limited. He has over thirty years of experience in fields such as auditing, finance and assets of electric power companies.



Luo Xiaoqian (羅小黔) Chinese nationality, born in December 1962, a senior engineer. He graduated from Xi’an Jiaotong University with a doctoral degree in management. Mr. Luo is currently a Director, a General Manager of the Company. Mr. Luo successively worked at Guizhou Wujiangdu Power Plant, Guizhou Wujiang Hydropower Development Co., Ltd., China Huadian Corporation Guizhou Branch, Huadian Power International Corporation Limited, Huadian Sichuan Power Company Limited and China Huadian Corporation Limited. Mr. Luo has over thirty years of experience in power design, infrastructure, production, operation management.



Zhang Zhiqiang (張志強) Chinese nationality, born in August 1963, a senior engineer. He graduated from Xi’an University of Technology with a master’s degree in engineering. He is currently the Director of the Company, and concurrently serves as the director of Huadian Jinshajiang Upstream Hydropower Development Company Limited and the director of China Huadian Finance Corporation Limited. Mr. Zhang successively worked at Wujiangdu Power Plant, Guizhou Wujiang Hydroelectric Development Company Limited, Guizhou Qianyuan Power Co., Ltd., Huadian Yunnan Power Generation Co., Ltd. (Yunnan Branch of China Huadian Corporation Limited). Mr. Zhang has over thirty years of experience in power enterprise management and strategic management, etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



Li Pengyun (李鵬雲) Chinese nationality, born in October 1962, a senior accountant. He graduated from the Graduate School of the Party School of the Central Committee of the Chinese Communist Party with a postgraduate degree. He is currently a Director of the Company and concurrently serves as a director of Huadian Coal Industry Group Company Limited. Mr. Li worked at Gansu Baiyin Power Supply Bureau, Electric Power Industry Bureau of Gansu Province, Northwest Electric Power Corporation, State Power Corporation of China and China Huadian Corporation Limited. Mr. Li has over thirty years of experience in financial management, power system reform, policy research, corporate management and legal construction.



Wang Xiaobo (王曉渤) Chinese nationality, born in March 1968, an economist. He graduated from Shandong University with a bachelor's degree in economics. He currently acts as a Director of the Company, and concurrently serves as the head of the Capital Operation Department of Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司), a Director of Shandong Huapeng Glass Co., Ltd. (山東華鵬玻璃股份有限公司). Mr. Wang started his career in August 1991, and has worked successively for Weihai Huancui District Foreign Economic and Trade Commission, Shandong Foreign Investment Service Company, US Pacific Peak Investment Co., Ltd., British CAMCO International Carbon Asset Information Consulting (Beijing) Co., Ltd. and Hualu Holdings Group Company Limited. Mr. Wang has thirty years of working experience in capital operation, corporate management, etc.



Feng Rong (馮榮) Chinese nationality, born in June 1968, a senior accountant. He graduated from Changsha Normal College of Water Resources and Electric Engineering. He currently serves as a Director and Chief Financial Officer of the Company, a Director of China Huadian Finance Corporation Limited, a Director of Huadian Hubei Power Generation Company Limited and a Director of Huadian New Energy Group Co., Ltd.. Mr. Feng previously worked for Baozhushi Hydropower Construction Administration Bureau, Baozhushi Power Plant, Sichuan Electric Power Corporation, Sichuan Branch of China Huadian Corporation, Huadian Sichuan Power Company Limited, Huadian Jinshajiang Upstream Hydropower Development Company Limited and Sichuan Branch of Huadian Power International Corporation Limited. Mr. Feng has over thirty years of working experience in operation management and financial management.



Feng Zhenping (豐鎮平) Chinese nationality, born in November 1956, holds a doctoral degree in engineering from Xi'an Jiaotong University. He is currently an independent Director of the Company, second-tier professor of Xi'an Jiaotong University and the head of Shaanxi Impeller Machinery and Power Equipment Engineering Laboratory. Mr. Feng was a visiting scholar at the Aerospace System Research Institute of the University of Stuttgart in Germany and a DAAD visiting professor at the Aero Propulsion Laboratory of the Technical University of Berlin in Germany. He served in Xi'an Jiaotong University including the head of the Impeller Machinery Research Institute (葉輪機械研究所) of the School of Energy and Power Engineering, the assistant dean of the School of Energy and Power Engineering, the head of the International Cooperation and Exchange Office, the dean of the School of Energy and Power Engineering, and the head of the National Experimental Teaching Demonstration Center in Energy and Power Engineering.



Li Xingchun (李興春), Chinese nationality, born in April 1966, obtained a bachelor's degree in nuclear science from Fudan University, a doctoral degree in financial engineering from the School of Engineering & Management of Nanjing University. He currently acts as an independent Director of the Company, the manager and executive Director of Wanzhen Investment Management (Beijing) Co., Ltd. (萬楨投資管理(北京)有限公司), general manager of Leadbank Capital Management Co., Ltd. (利得資本管理有限公司), executive Director and general manager of Leadbank Information Services Co., Ltd. (利得信息服務有限公司), chairman and general manager of Leadbank Technology Co., Ltd. (利得科技有限公司), chairman and general manager of Shanghai Leadbank Fund Sales Co., Ltd. (上海利得基金銷售有限公司), chairman and general manager of Kunpeng Qinghai Asset Management Co., Ltd. (昆朋青海資產管理股份有限公司), chairman and general manager of Shanghai Leadbank Shanjin Asset Management Co., Ltd. (上海利得山金資產管理有限公司), executive director of Shanghai Leadbank Financial Services Group Co., Ltd. (上海利得金融服務集團有限公司), general manager and executive director of Leadbank Asset Management Co., Ltd. (利得資產管理有限公司), director of Western Leadbank Fund Management Co., Ltd. (西部利得基金管理有限公司), deputy chairman and executive director of Shandong Chenming Paper Holdings Limited, executive member of China Mergers & Acquisition Association and deputy chairman of its Shanghai Branch, and visiting professor of Shanghai Finance University. Mr. Li successively served in Jiangxi Xinyu Food Union Corporation (江西新餘食品聯合總公司), Jiangxi Xinyu Material Bureau (江西新餘物資局), Ctrip.com (攜程旅行網), Fuyou Securities Co., Ltd. (富友證券有限責任公司), Western Development Holdings Co., Ltd. (西部發展控股有限公司), etc. He has more than thirty years of experience in industry, securities, trust, etc.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



Li Menggang (李孟剛), Chinese nationality, born in April 1967, a professor of economics and doctoral supervisor. Mr. Li graduated from Beijing Jiaotong University majoring in industrial economics, with a doctorate degree in 2006. Mr. Li currently acts as an independent Director of the Company and the dean of the National Academy of Economic Security, Beijing Jiaotong University, deputy chairman of China Human Resource Development Association and deputy chairman of Guanghua Engineering Science and Technology Award Foundation (光華工程科技獎勵基金會), independent Director of Hunan Copote Science & Technology Co., Ltd. (stock code: 600476) and independent director of China Merchants Bank Co., Ltd. (stock code: 600036). Research interests: Industrial economics, industrial security and national economic security.



Mr. Wang Yuesheng (王躍生), Chinese nationality, born in July 1960, a professor and doctoral supervisor. Since he graduated from School of Economics of Peking University in 1985, Mr. Wang has been teaching in Peking University. He acts as an independent director of the Company, the head of the Department of International Economics and Trade of Peking University, executive director of the EU Economic and Strategic Research Center jointly established by Peking University and Bank of China. He also serves as an executive director at China Association of World Economic Research, and China Association of International Economic Relations, member of the Expert Committee of China Council for the Promotion of International Trade, and adjunct professor of the Business School of China University of Political Science and Law. Research interests: New system economics and economic transition issues, economy in transitional countries; enterprise theory, enterprise system and corporate governance; and contemporary international economy and multinational corporations. His research has mainly covered international comparison of economic transition, enterprise theory, international enterprise system and the contemporary international economy in recent years.



Chen Wei (陳煒) Chinese nationality, born in April 1975, a doctor of law. She currently serves as the Chairman of the Supervisory Committee of the Company, and concurrently serves as the Chief Risk Officer and the head of the audit and law department of Shandong Development Investment Holding Group Co., Ltd., the chairman of Shandong Green Development Investment Group Co., Ltd.. Ms. Chen has worked for the tax authorities in Shandong Province. Ms. Chen has twenty-one years of working experience in taxation, auditing, law, corporate management, etc.



Ma Jing'an (馬敬安) Chinese nationality, born in March 1966, a senior administrative engineer. He graduated from Dalian University of Technology with a master's degree in engineering. He is currently a Supervisor, the secretary of the discipline committee of the Company. Mr. Ma started his career in 1986 and has worked for Fangzi Power Plant, Weifang Power Plant, Huadian Power International Corporation Limited and Shanxi Maohua Energy Investment Company Limited. Mr. Ma has over thirty years of working experience in various aspects such as corporate culture and labor union.



Zhang Peng (張鵬) Chinese nationality, born in December 1970, a senior economist. He achieved a bachelor's degree in management from Shanxi University of Finance and Economics. Mr. Zhang is currently an employee Supervisor of the Company, deputy chief economist and the director of Huadian Qingdao Power Generation Company Limited. Mr. Zhang started his career in 1991 and has successively worked at Zouxian Plant of Huadian International and Huadian Power International Corporation Limited. Mr. Zhang has thirty years of experience in power production and operation, human resource management, etc.



Zhang Gelin (張戈臨), Chinese nationality, born in November 1969, a senior engineer. He graduated from the Department of Electrical Power Engineering of Shanghai Jiaotong University in 1991 with a bachelor's degree in engineering and graduated from the Texas Tech University in 1999 with an MBA degree. He is now currently the Company Secretary of the Company, an affiliated person of the Hong Kong Institute of Chartered Secretaries, and a director of Huadian Group Beijing Fuel Logistics Co., Ltd.. Mr. Zhang started his career in 1991. He had successively held positions in Shandong Electric Power Group Company Electricity Transmission and Transformation Engineering Co., Ltd. (山東電力集團公司送變電工程公司), Shandong International Power Development Company Limited (山東國際電源開發股份有限公司) and Huadian Power International Corporation Limited. He has thirty years of experience in areas such as electricity and power-grid generation, management, capital operation of listed company, operation compliance, laws and regulations, investors' relations and securities affairs management.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (CONTINUED)



Peng Guoquan (彭國泉) Chinese nationality, born in October 1966, a senior engineer with a master's degree in engineering, graduated from Huazhong University of Science and Technology, majoring in Thermal Energy and Power. Mr. Peng is currently a deputy General Manager of the Company. Mr. Peng concurrently serves as the chairman of Anhui Wenhui New Products Promotion Company Limited, the chairman of Anhui Hualin International Energy Company Limited and a director of Huadian Coal Industry Group Company Limited. Mr. Peng successively served in Qingshan Thermal Power Plant, Wuchang Thermal Plant and Anhui Huadian Wuhu Power Generation Company Limited. Mr. Peng has more than thirty years of working experience in power production and management, etc.



Chen Bin (陳斌) Chinese nationality, born in September 1973, graduated from the Hunan University majoring in applied economics. He holds a doctoral degree in economics. He currently serves as a vice General Manager and the General legal Counsel of the Company. Mr. Chen had successively worked in China Electric Power News, State Power Corporation, China Guodian Corporation and Guodian Finance Corporation Ltd.. He had served as an employee supervisor and the head of the working committee of the Company. Mr. Chen has twenty-five years of working experience in the power generation industry.



Song Jingshang (宋敬尚) Chinese nationality, born in June 1964, a senior engineer graduated from Tsinghua University with a master's degree in electric power engineering. He serves as the Chief Engineer of the Company, the vice chairman of CNNP CHD Hebei Nuclear Power Co., Ltd., a director at Huadian Jinshajiang Upstream Hydropower Development Company Limited, and the director of Huadian Group Beijing Fuel Logistics Co., Ltd., Huadian Hubei Power Generation Company Limited, Otog Front Banner Changcheng No.3 Mining Company Limited, Otog Front Banner Changcheng No. 5 Mining Company Limited, Inner Mongolia Fucheng Mining Company Limited, and Otog Front Banner Changcheng Mine Company Limited. Mr. Song has successively worked in Tianjin Power Generation Maintenance Engineering Company (天津發電檢修工程公司), Tianjin Junliangcheng Power Plant (天津軍糧城發電廠), Tianjin Electric Power Company (天津市電力公司), Tianjin Junliangcheng Power Generation Company Limited (天津軍糧城發電有限公司), China Huadian Corporation Limited and Huadian Power International Corporation Limited. Mr. Song has more than thirty years of working experience in power engineering technology, production and operation, corporate management, etc.



Qin Jiehai (秦介海) Chinese nationality, born in February 1968, a senior engineer. He graduated from the Department of Power Engineering in Harbin Institute of Technology majoring in thermal power engineering with a master's degree in engineering, and obtained a master of business administration degree from Texas Tech University. Mr. Qin is currently a deputy General Manager of the Company. Mr. Qin worked for Shandong Electric Power Engineering Consulting Institute, Huadian Power International Corporation Limited and Huadian Fuxin Energy Development Company Limited successively. Mr. Qin has twenty-nine years of working experience in strategic investment, power engineering, corporate management, etc.



Wu Yuejie (武日傑) Chinese nationality, born in July 1971, a senior administrative engineer, graduated from North China Institute of Technology majoring in financial management. Mr. Wu is currently the deputy General Manager of the Company and concurrently serves as the director of Huadian Property Company Limited and the director of Huadian Beijing Fuel Logistics Co, Ltd.. He had successively worked in Shandong Weifang Power Plant (山東濰坊發電廠), Anhui Suzhou Power Generation Company Limited (安徽宿州發電有限公司), Luohe Power Plant Preparatory Office (漯河電廠籌建處) and China Huadian Corporation Limited. Mr. Wu has twenty-nine years of working experience in power generation and operation, development of power supply projects, human resources management, etc.

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Macroeconomic Conditions and Electricity Demand

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

(2) Turnover

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

(3) Major Operating Expenses

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

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

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

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

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

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

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

(4) Investment Income

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

(5) Other Revenue

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

(6) Other Net Income

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

(7) Finance Costs

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

(8) Share of Results of Associates and Joint Ventures

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

(9) Income Tax

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(10) Pledge and Mortgage of Assets

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

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

(11) Indebtedness

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

(12) Contingent Liabilities

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

(13) Provisions

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

(14) Impairment Loss

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

(15) Cash Flow Analysis

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

(16) Exchange Rate Fluctuation Risk and Related Hedging

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

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

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

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

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the "Year").

PRINCIPAL ACTIVITIES

The Group is principally engaged in the generation of electricity and heat, sales of coal and other relevant businesses in the PRC. All electricity generated is supplied to the grid companies where the plants are located. In 2021, the Group had strictly complied with relevant laws and regulations and industrial rules that impose significant influence on the operation of the Group. The chief operating decision makers review the Group's revenue and profit as a whole, which is 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 this financial information. The profit of the Group for the year ended 31 December 2021 and the Group's and the Company's financial positions as of that date prepared in accordance with IFRSs are set out on pages 52 to 126 of the annual report.

DIVIDENDS

Pursuant to a resolution passed at the twenty-fourth meeting of the ninth session of the Board, the Board proposes to declare a final cash dividend of RMB0.25 per share (tax inclusive, based on the total share capital of 9,869,858,215 shares) for the financial year ended 31 December 2020, totaling approximately RMB2,467.465 million (tax inclusive). The dividend distribution proposal is subject to approval by the shareholders at the upcoming 2021 annual general meeting. The notice of the 2021 annual general meeting of the Company, containing details of the period and procedures of the closure of register of members, will be published and despatched to shareholders of the Company in due course.

If the above proposal for dividend distribution is considered and approved at the upcoming 2021 annual general meeting, the Company expects to distribute such cash dividends on or before 26 August 2022. As at the date of this annual report, there was no arrangement under which any Shareholder has waived or agreed to waive any dividend.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Particulars of the Company's subsidiaries, associates and joint ventures as at 31 December 2021 are set out in notes 46 and 22 respectively to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

BANK LOANS AND OTHER LOANS

Details of bank loans and other loans of the Group and the Company as at 31 December 2021 are set out in note 31 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

INTEREST CAPITALISED

Details relating to the interest capitalised by the Group during the year 2021 are set out in note 10 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details relating to movements in property, plant and equipment of the Group and those of the Company during the year 2021 are set out in note 17 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

RESERVES

Details relating to movements in reserves of the Group and the Company for the year ended 31 December 2021 are set out in the consolidated statement of changes in equity in the consolidated financial statements and note 51 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report, respectively.

DONATIONS

During the year of 2021, the Group made donations for charitable purpose in an aggregate amount of approximately RMB3,397,560 (2020: approximately RMB13,737,000).

DIRECTORS' REPORT (CONTINUED)

TAX REDUCTION AND EXEMPTION

The Company was not aware of any tax reduction and exemption granted to any shareholder by virtue of the securities held in the Company.

ENVIRONMENTAL PROTECTION POLICIES

The Group carries out its social responsibility seriously and puts more emphasis on environmental protection work. In particular, the Group strictly implements the requirements of environmental protection and monitored environmental index, in order to standardize the management of operation and maintenance of environmental facilities, and improve the operation rate and efficiency of environmental protection facilities. By adhering to the principles of safety and reliability, mature technology and cost-effectiveness, the Company continues to optimise and refine technical improvement, makes active arrangement and implementation, so as to ensure the environmental protection and improvement goes as planned and reaches the expected target. Leveraging on the energy efficiency and environmental protection feature of the equipment, the Company has built the red-line awareness of environmental protection and achieved the key indicators for reduction of total emission of pollutants to ensure that the emission meets the requirement and strive to reduce the emission level.

In 2021, the Group continuously strengthened its management and control over the technological improvement of environmental protection, improved the monitoring platform construction of environmental protection and strengthened the real-time online monitoring of environmental protection.

As at the date of this report, all of the 95 coal-fired generating units of the Group met the ultra-low emission requirement.

RELATIONSHIP WITH EMPLOYEES

The Group adheres to the concept of "identify talents through performance, select talents through competition and award talents through remuneration", continuously improves the rules and systems relating to human resources management, safeguards the interests of employees and constantly strengthens the training of talents so as to promote the common sustainable development of employees and enterprises. Meanwhile, the Group also strives to create a vibrant and comfortable working environment for employees so as to work together for the future, build a first-class team, and develop a first-class power generation enterprise.

RETIREMENT PLANS

The Group is required to contribute to the retirement plans operated by the State at 16% of its staffs' salaries, subject to a maximum specified by national or local regulations. After reaching retirement age and handling retirement procedures, a member subscribed to the plan is entitled to receive pension from the State.

In addition, the Group's staff has participated in an enterprise annuity plan managed by the annuity council of China Huadian to supplement the above-mentioned plan. According to the plan, employees are required to pay a certain amount as their personal savings for pension insurance based on their service periods in the Company and its subsidiaries, while the Company and its subsidiaries pay four times as much as the amount of employee contributions. The employees will receive the total contribution of the plan when retiring. The Group's contribution to these plans total amounted to approximately RMB690 million during the year of 2021, which are set out in note 41 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

EMPLOYEES' MEDICAL INSURANCE

During 2021, there was no change in employees' medical insurance policies of the Group as compared with that of 2020. The Group anticipates that implementation of the above medical insurance will not have any significant impact on the business operation and financial position of the Group. Apart from the above contributions, the Group is not required to pay any other medical expenses for its staff.

PRE-EMPTIVE RIGHTS

Under the Articles of Association and the laws of the PRC, there was no rule relating to pre-emptive right in the Company which requires the Company to offer or issue new shares to its existing shareholders in proportion to their respective shareholdings in the Company.

SHARE CAPITAL

Details of the share capital of the Company for the year 2021 and as at 31 December 2021 are set out in the Company's statement of changes in equity in the financial statements prepared in accordance with IFRSs and note 39(b) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

DIRECTORS' REPORT (CONTINUED)

MAJOR CUSTOMERS AND SUPPLIERS

The Group is committed to maintaining long-term close business cooperation with customers and suppliers, realizing friendly communication and win-win collaboration and establishing bidding and bargaining mechanism to adapt to market changes. For the financial year of 2021, details regarding the percentages of the Group's sales and purchases attributable to its major customers and major suppliers, respectively, are as follows:

	Approximate Percentage in the Group's Sales	Approximate Percentage in the Group's Purchases
The largest customer	30.55%	/
The five largest customers combined	56.30%	/
The largest supplier	/	7.19%
The five largest suppliers combined	/	21.59%

The suppliers of the Group are mainly coal supply enterprises. The distribution of the subordinate power generation enterprises of the Group is relatively scattered. Therefore, the distribution of the suppliers is also scattered. The total purchase volume of the Group from the five largest suppliers did not exceed 30%.

None of the Directors, their close associates or substantial shareholders of the Company (each of which to the knowledge of the Directors owns 5% or more of the Company's share capital) had any interest in the five largest suppliers and customers of the Group at any time during the year.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

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

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

(L) = long position
(P) = lending pool

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

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

DIRECTORS' REPORT (CONTINUED)

SUFFICIENCY OF PUBLIC FLOAT

Based on data that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors believe that the Company has maintained the relevant applicable minimum percentage of listed securities as prescribed by Rule 8.08 of the Hong Kong Listing Rules.

DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, Supervisors and senior management of the Company for the financial year ended 31 December 2021 and as at the date of this report. All Directors and Supervisors of the Company are currently serving a term of three years, renewable upon re-election and re-appointment every three years. The consecutive term of office of independent non-executive Directors however shall not exceed six years.

Name	Position in the Company	Changes
Ding Huande	Chairman, Executive Director	Elected as an executive Director at the extraordinary general meeting of the Company held on 28 October 2020 and elected as the Chairman at the fifth meeting of the ninth session of the Board held on 28 October 2020
Ni Shoumin	Vice Chairman, Non-executive Director	Re-elected as a non-executive Director at the annual general meeting of the Company held on 30 June 2020 and re-elected as the vice Chairman at the first meeting of the ninth session of the Board held on 30 June 2020
Peng Xingyu	Non-executive Director	Elected as a non-executive Director at the annual general meeting of the Company held on 30 June 2020
Luo Xiaoqian	Executive Director, General Manager	Elected as an executive Director at the annual general meeting the Company held on 30 June 2020 and appointed as the General Manager at the first meeting of the ninth session of the Board held on 30 June 2020
Zhang Zhiqiang	Non-executive Director	Elected at the extraordinary general meeting of the Company held on 27 January 2021
Li Pengyun	Non-executive Director	Elected at the extraordinary general meeting of the Company held on 27 January 2021
Wang Xiaobo	Non-executive Director	Re-elected at the annual general meeting of the Company held on 30 June 2020
Feng Rong	Executive Director, Chief Financial Officer	Elected as an executive Director at the annual general meeting of the Company held on 30 June 2020 and re-elected as the Chief Financial Officer at the first meeting of the ninth session of the Board held on 30 June 2020
Feng Zhenping	Independent Non-executive Director	Elected at the annual general meeting of the Company held on 30 June 2020
Li Xingchun	Independent Non-executive Director	Elected at the annual general meeting of the Company held on 30 June 2020
Li Menggang	Independent Non-executive Director	Elected at the annual general meeting of the Company held on 30 June 2021
Wang Yueheng	Independent Non-executive Director	Elected at the annual general meeting of the Company held on 30 June 2021
Chen Wei	Chairman of the Supervisory Committee	Re-elected as a Supervisor at the annual general meeting of the Company held on 30 June 2020 and re-elected as the Chairman of the Supervisory Committee at the first meeting of the ninth session of the Supervisory Committee held on 30 June 2020
Ma Jing'an	Supervisor	Elected as a supervisor at the annual general meeting the Company held on 30 June 2020
Zhang Peng	Employee Supervisor	Elected through employee election on 30 June 2020
Peng Guoquan	Deputy General Manager	Re-appointed at the first meeting of the ninth session of the Board held on 30 June 2020
Chen Bin	Deputy General Manager, General Legal Counsel	Re-appointed at the first meeting of the ninth session of the Board held on 30 June 2020
Song Jingshang	Chief Engineer	Appointed at the eighth meeting of the ninth session of the Board held on 27 January 2021
Qin Jiehai	Deputy General Manager	Appointed at the twenty-fourth meeting of the ninth session of the Board held on 25 March 2022
Wu Yuejie	Deputy General Manager	Appointed at the eighth meeting of the ninth session of the Board held on 27 January 2021
Zhang Gelin	Company Secretary, Former Secretary to the Board	Appointed as the Company Secretary on 24 December 2019, and resigned as the Secretary to the Board at the twenty-first meeting of the ninth session of the Board held on 26 October 2021

The Directors' and Supervisors' remunerations for the year ended 31 December 2021 are set out in note 12 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

The biographical details of the incumbent Directors, Supervisors and members of senior management of the Company, including the particulars required under paragraph 12 of Appendix 16 to the Hong Kong Listing Rules (if applicable or appropriate), are set out on pages 13 to 16 in this annual report.

Each of the independent non-executive Directors has issued a confirmation in respect of the factors set out in Rule 3.13 of the Hong Kong Listing Rules concerning his independence pursuant to Rule 3.15 of the Hong Kong Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' REPORT (CONTINUED)

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

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

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance or proposed transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries and holding company was a party and in which a Director or Supervisor or their related entities (as defined in Article 486 of Hong Kong Companies Ordinance) had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year. None of the Company or its subsidiaries had provided any loan or quasi-loan to any Director or other members of senior management of the Company.

DIRECTORS' INTERESTS IN THE BUSINESS THAT COMPETES WITH THE COMPANY

None of our Directors has any interest in any business that competes or is likely to compete, either directly or indirectly, with the Company.

PERMITTED INDEMNITY PROVISIONS

In 2021, the Company has purchased liability insurance for its Directors, Supervisors and members of senior management to provide appropriate guarantee to the Directors, Supervisors and members of senior management of the Company.

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered service contracts with its all Directors and Supervisors. No Director or Supervisor of the Company has entered into any service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

MANAGEMENT CONTRACT

In 2021, there was no management or administration contract in respect of all or substantial part of the Company's business.

SIGNIFICANT EVENTS

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

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

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

On 28 September 2021, the Company submitted the relevant registration materials to China Securities Depository and Clearing Corporation Limited, Shanghai Branch, in respect of the new shares and convertible corporate bonds. The number of new shares in the non-public issuance was 6,881,562 and the number of convertible corporate bonds in the non-public issuance was 14,701,590. Details relating to the convertible bonds are set out in note 32 to the consolidated financial statements prepared in accordance with IFRSs included in this annual report. The Securities Registration Certificate was issued by China Securities Depository and Clearing Corporation Limited, Shanghai Branch.

DIRECTORS' REPORT (CONTINUED)

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the Acquisitions is less than 5% and the considerations under the Equity Acquisition Agreements (as supplemented by the Equity Acquisition Supplemental Agreements) are satisfied by way of issuance of Consideration Shares and Consideration Convertible Bonds, the Acquisitions constitute share transactions of the Company and are therefore subject to the reporting and announcement requirements, but are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

Although the Acquisitions are exempt from the Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules, the Acquisitions in consideration of the issuance of Consideration Shares and Consideration Convertible Bonds shall be subject to the approval of the Shareholders at the general meeting of the Company pursuant to the Administrative Measures for the Major Asset Restructuring of Listed Companies issued by the CSRC. The Consideration Shares and the Conversion Shares will be issued under the General Mandate.

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

2. Change of the Non-Executive Directors, Member of the Remuneration and Appraisal Committee, the Strategic Committee and the Audit Committee

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

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

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

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

For details, see the announcements of the Company dated 8 January 2021, 27 January 2021 and 30 June 2021.

3. Appointment of the Chief Engineer and the Deputy General Manager

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

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

For details, see the announcements of the Company dated 27 January 2021 and 25 March 2022.

4. Change of the Independent Non-Executive Directors, Members of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee

In accordance with relevant requirements of China Securities Regulatory Commission, independent directors of listed companies shall not serve for more than six consecutive years. Mr. Wang Dashu shall cease to be an independent non-executive Director of the ninth session of the Board, the chairman of the Remuneration and Appraisal Committee, and a member of the Audit Committee and the Nomination Committee upon the conclusion of the Company's 2020 Annual General Meeting (the "AGM") held on 30 June 2021, with effect from the same date, and Mr. Zong Wenlong shall cease to be an independent non-executive Director of the ninth session of the Board, the chairman of the Audit Committee and a member of the Remuneration and Appraisal Committee upon the conclusion of the AGM, with effect from the same date.

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

For details, see the announcements of the Company dated 28 May 2021 and 30 June 2021.

5. Resignation of the Secretary to the Board

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

For details, see the announcement of the Company dated 26 October 2021.

DIRECTORS' REPORT (CONTINUED)

6. Sale of Ningxia Asset to China Huadian

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

On 26 February 2021, the Company and China Huadian entered into Ningxia Heating Agreement, pursuant to which the Company agreed to dispose of and China Huadian agreed to purchase 53% equity interests held by the Company in Ningxia Huadian Heating Corporation Limited ("**Ningxia Heating**").

As China Huadian is the controlling shareholder of the Company, China Huadian is a connected person of the Company under the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Transfers shall constitute connected transactions of the Company. Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, as one or more of the percentage ratios in respect of the Transfers, calculated on an aggregate basis, exceed 5%, the Transfers are subject to the annual report, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. In addition, as one or more of the percentage ratios in respect of the Transfers, calculated on an aggregate basis, exceed 5% but are less than 25%, pursuant to Chapter 14 of the Hong Kong Listing Rules, the Transfers also constitute discloseable transactions of the Company, and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

As of the date of this report, the transfer in the above transactions has been completed, and the final considerations for transactions under Ningxia Lingwu Agreement and Ningxia Heating Agreement were RMB2,850 million and RMB1,486 million, respectively. As of the date of this report, Ningxia Lingwu and Ningxia Heating have ceased to be the subsidiaries of the Company.

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

7. Integration of New Energy Assets

During the year 2021, the Company (and its subsidiaries and branches) entered into a series of new energy asset disposal transactions with Huadian Fuxin Energy Corporation Limited ("**Huadian Fuxin**") and Huadian Fuxin Energy Development Company Limited ("**Fuxin Development**") (and its subsidiaries and branches) for the purpose of business development. As China Huadian was the controlling shareholder of the Company, Huadian Fuxin, Fuxin Development and its subsidiaries are subsidiaries of China Huadian, and therefore China Huadian, Huadian Fuxin, Fuxin Development and its subsidiaries are connected persons of the Company, and the new energy asset disposal transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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

After adjustments for the profit and loss for the transitional period, the final consideration for the Company's cash contribution to Fuxin Development was RMB7,687 million, and the final consideration for the purchase by Fuxin Development of the new energy equity and assets in the Group was RMB2,209 million.

As the Transactions involve both the Acquisitions (i.e., acquisition of 37.19% equity interests in Fuxin Development and acquisition of Hunan Area Companies as described below) and the Disposals (i.e., disposal of New Energy Companies and New Energy Assets and Equity), pursuant to Rule 14.24 of the Hong Kong Listing Rules, they will be classified by reference to the larger of the Acquisitions or the Disposals, and subject to the reporting, announcement and/or shareholders' approval requirements applicable to that classification.

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, the Disposals would be aggregated with the Previous Transactions (i.e. the aforesaid Ningxia Asset Sale) and be treated as if they were one transaction for the purpose of Chapters 14 and 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios of the Acquisitions exceed 25% but are less than 100% and one or more of the applicable percentage ratios of the Disposals (as aggregated with the Previous Transactions) exceed 25% but are less than 75%, the Transactions constitute major transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Therefore, the Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Hong Kong Listing Rules.

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

DIRECTORS' REPORT (CONTINUED)

After adjustments for the profit and loss for the transitional period, the final consideration for the purchase by Fuxin Development, its subsidiaries and branches of, and the disposal by the Company of, relevant new energy assets, new energy equity and preliminary new energy projects was RMB5,608 million.

In addition, the Disposals would be aggregated with the Previous Transactions, pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules. As (i) one or more of the percentage ratios in respect of the Disposals exceed 5% but are less than 25%; (ii) the applicable percentage ratios of the Disposals, as aggregated with the Previous Transactions, exceed 25% but are less than 75%; and (iii) the Previous Transactions constituted a major transaction of the Company and fully complied with the reporting, announcement and Shareholders' approval requirements, therefore, pursuant to Chapter 14 of the Hong Kong Listing Rules, the Disposals constitute a discloseable transaction of the Company, and are subject to the reporting and announcement requirements but are exempted from Shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules; pursuant to Chapter 14A of the Hong Kong Listing Rules, the Disposals are subject to the announcement, circular and independent shareholders' approval requirements.

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

Pursuant to Rules 14.22 and 14A.81 of the Hong Kong Listing Rules, as (i) one or more of the percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the Disposals on an aggregate basis are less than 5% but exceed 0.1%; (ii) the applicable percentage ratios of the Disposals, as aggregated with the Previous Transactions, exceed 25% but are less than 75%, and the Previous Transactions constituted a major transaction of the Company and fully complied with the reporting, announcement and Shareholders' approval requirements; and (iii) the applicable percentage ratio for the latest transaction in the Previous Transactions (for details, please see the announcement of the Company dated 28 October 2021) aggregated with the Disposals exceeds 5% but is less than 25%, the Disposals only constitute a connected transaction of the Company, and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempt from the independent shareholders' approval requirements.

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

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

8. Acquisition of Hunan Area Companies

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

For detailed information on the implications of acquisition of Hunan Area Companies under the Hong Kong Listing Rules, please refer to the aforementioned section headed "Directors' Report – Significant Events – 7. Integration of New Energy Assets" in this report.

As of the date of this report, the above transactions have been completed, and the total final consideration for the transactions was RMB3,495 million.

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

9. Transfer of equity interests and debts in Shanxi Maohua Energy Investment Company Limited ("Maohua Company") to China Huadian

On 27 September 2021, the Company and China Huadian signed the Agreement between Huadian Power International Corporation Limited and China Huadian Corporation Limited on the Transfer of Equity Interests and Debts in Shanxi Maohua Energy Investment Company Limited, pursuant to which the Company agreed to transfer to China Huadian, a 100% equity interest held by the Company in Maohua Company, for a consideration of RMB1 and debts held by the Company in Maohua Company, for a consideration of approximately RMB2,852 million. The total agreed consideration for the above transaction was RMB2,852 million, and the transaction of the equity interest was completed on 18 November 2021. As of the date of this report, the transfer in the above transaction has been completed and Maohua Company has been deconsolidated from the consolidated financial statements of the Company.

DIRECTORS' REPORT (CONTINUED)

As China Huadian is the controlling shareholder of the Company, China Huadian is a connected person of the Company under the Hong Kong Listing Rules. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the Transfers constitute a connected transaction of the Company. As one or more of the percentage ratios in respect of the Transfers exceed 5%, the Transfers are subject to the annual report, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. In addition, as one or more of the percentage ratios in respect of the Transfers exceed 5% but are less than 25%, pursuant to Chapter 14 of the Hong Kong Listing Rules, the Transfers also constitute a discloseable transaction of the Company, and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

As of the date of this report, the transfer in the above transaction has been completed, and the final consideration for the transaction was RMB2,868 million.

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

10. Amendments to the Articles of Association

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

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

11. Change of Auditors

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

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

12. Shareholders' Return Plan

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

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

CONNECTED TRANSACTIONS

Pursuant to requirements of the Hong Kong Listing Rules, the connected transactions conducted by the Group for the year ended 31 December 2021 are as follows:

CONNECTED TRANSACTIONS

1. Ningxia Asset Sale Agreements with China Huadian

On 26 February 2021, the Company entered into the Ningxia Lingwu Agreement with China Huadian, pursuant to which, the Company agreed to dispose of and China Huadian agreed to purchase 65% equity interest held by the Company in Ningxia Lingwu and the dividends receivable from Ningxia Lingwu. On 26 February 2021, the Company and China Huadian entered into Ningxia Heating Agreement, pursuant to which the Company agreed to dispose of and China Huadian agreed to purchase 53% equity interests held by the Company in Ningxia Heating. As of the date of this report, the transfer in the above transactions has been completed, Ningxia Lingwu and Ningxia Heating have ceased to be the subsidiaries of the Company and the final considerations for transactions under Ningxia Lingwu Agreement and Ningxia Heating Agreement were RMB2,850 million and RMB1,486 million, respectively.

As China Huadian is the controlling shareholder of the Company, China Huadian is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Transfers shall constitute connected transactions of the Company.

For details of the connected transaction, please refer to (6) in "Significant Events".

DIRECTORS' REPORT (CONTINUED)

2. Integration of New Energy Assets

During the year 2021, the Company (and its subsidiaries and branches) entered into a series of new energy asset disposal transactions with Huadian Fuxin and Fuxin Development (and its subsidiaries and branches) for the purpose of business development. As China Huadian was the controlling shareholder of the Company, Huadian Fuxin, Fuxin Development and its subsidiaries are subsidiaries of China Huadian, and therefore China Huadian, Huadian Fuxin, Fuxin Development and its subsidiaries are connected persons of the Company, and the new energy asset disposal transactions constitute connected transactions of the Company.

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

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

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

On 17 December 2021, Huangshi Photovoltaic Power Generation Company, a majority-owned subsidiary of the Company, and Jinqian Huangshi Company, a wholly-owned subsidiary of Fuxin Development, entered into the Huangshi Disposal Agreement, pursuant to which Huangshi Photovoltaic Power Generation Company agreed to dispose of and Jinqian Huangshi Company agreed to purchase the Yangxin Project and the Zhenhua Project with a total planned installed capacity of 118 MW. On the same day, Shaoguan Nanxiong Company, a wholly-owned subsidiary of the Company and Fuxin Nanxiong Company, a wholly-owned subsidiary of Fuxin Development, entered into the Shaoguan Disposal Agreement, pursuant to which Shaoguan Nanxiong Company agreed to dispose of and Fuxin Nanxiong Company agreed to purchase the Chima Project with a planned installed capacity of 50 MW. The Yangxin Project, the Zhenhua Project and the Chima Project have not been put into formal operation. The total consideration for the transaction was approximately RMB335 million.

For details of the connected transaction, please refer to (7) in "Significant Events".

3. Acquisition of Hunan Area Companies

On 24 May 2021, the Company entered into an equity purchase agreement with China Huadian, pursuant to which the Company agreed to acquire and China Huadian agreed to dispose of its equity interests in the companies of the Hunan area, including its 70% equity interest in Changsha Company, 48.98% equity interest in Changde Company, and 100% equity interest in Pingjiang Company, for a total consideration of RMB3,146 million. The equity acquisition was completed on 1 July 2021, and their financial statements were consolidated into the Company's consolidated financial statements from 1 July 2021. As of the date of this report, the above transactions have been completed, and the total final consideration for the transactions was RMB3,495 million.

For details of the connected transaction, please refer to (8) in "Significant Events".

4. Transfer of Equity Interests and Debts in Maohua Company to China Huadian

On 27 September 2021, the Company and China Huadian signed the Agreement between Huadian Power International Corporation Limited and China Huadian Corporation Limited on the Transfer of Equity Interests and Debts in Shanxi Maohua Energy Investment Company Limited, pursuant to which the Company agreed to transfer to China Huadian, a 100% equity interest held by the Company in Maohua Company, for a consideration of RMB1 and debts held by the Company in Maohua Company, for a consideration of approximately RMB2,852 million. The total agreed consideration for the above transaction was RMB2,852 million, and the transaction of the equity interest was completed on 18 November 2021. As of the date of this report, Maohua Company has been deconsolidated from the consolidated financial statements of the Company.

As China Huadian is the controlling shareholder of the Company, China Huadian is a connected person of the Company under the Hong Kong Listing Rules. Therefore, the Transfers shall constitute connected transactions of the Company.

For details of the connected transaction, please refer to (9) in "Significant Events".

DIRECTORS' REPORT (CONTINUED)

5. Capital Reduction of Weifang Company and Longkou Company

On 28 October 2021, the Company, Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司) (“**Shandong Development**”), Weifang Investment Group Co., Ltd. (濰坊市投資集團有限公司) (“**Weifang Investment Group**”) and Huadian Weifang Power Generation Company Limited (“**Weifang Company**”) entered into the Weifang Capital Reduction Agreement, pursuant to which Weifang Company will carry out the capital reduction and Shandong Development will accordingly withdraw from Weifang Company. Weifang Company will repurchase the shares held by Shandong Development in respect of such capital reduction, for a consideration of RMB939 million. Upon completion of the capital reduction, Shandong Development will no longer hold any equity interest in Weifang Company, and the shareholding percentages of the Company and Weifang Investment in Weifang Company will increase to 64.29% and 35.71%, respectively.

On 28 October 2021, the Company, Shandong Development, Weihai Industrial Investment Group Co., Ltd. (威海產業投資集團有限公司) (“**Weihai Industrial Investment**”), Laixi State-owned Assets Investment Service Center (萊西市國有資產投資服務中心) (“**Laixi State-owned Investment**”) and Huadian Longkou Power Generation Company Limited (華電龍口發電股份有限公司) (“**Longkou Company**”) entered into the Longkou Capital Reduction Agreement, pursuant to which Longkou Company will carry out the capital reduction, and Shandong Development, Weihai Industrial Investment and Laixi State-owned Investment will accordingly withdraw from Longkou Company. Longkou Company will repurchase the shares held by Shandong Development, Weihai Industrial Investment and Laixi State-owned Investment in respect of such capital reduction, for a consideration of RMB181 million. Longkou Company has changed from a non-wholly-owned subsidiary of the Company to a wholly-owned subsidiary of the Company as at 14 December 2021.

As China Huadian is the controlling shareholder of the Company, Weifang Company and Longkou Company are subsidiaries of China Huadian, and therefore are connected persons of the Company under the Hong Kong Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the capital reductions of Weifang Company and Longkou Company should be aggregated and be treated as if they were one transaction for the purpose of Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Capital Reductions (other than the profit ratio), on an aggregated basis, exceed 0.1% but are less than 5%, the capital reduction of Weifang Company and Longkou Company is subject to the reporting and announcement requirements but exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details, please see the announcement of the Company dated 28 October 2021.

CONTINUING CONNECTED TRANSACTIONS

1. Commercial Factoring Services Framework Agreement with Huadian Commercial Factoring (Tianjin) Co., Ltd. (“**Huadian Factoring**”)

A. Continuing Connected Transactions During 2021

On 8 January 2021, the Company and Huadian Factoring signed the Commercial Factoring Services Framework Agreement, pursuant to which Huadian Factoring will provide the Company and its subsidiaries with factoring business services, for a term from the effective date of the Commercial Factoring Services Framework Agreement to 31 December 2021. Huadian Factoring agrees to provide the Company and its subsidiaries with non-recourse debt factoring business services as required by the Company, including reverse factoring and factoring businesses. The 2th extraordinary general meeting for 2021 held on 28 April 2021 considered the Commercial Factoring Services Framework Agreement between the Company and Huadian Factoring, and the resolution was approved and became effective at the extraordinary general meeting. The Directors of the Company propose the cap (including any expenses payable by the Group to Huadian Factoring) of RMB7,500 million for the transactions contemplated under the Commercial Factoring Services Framework Agreement for the period from the effective date of the Commercial Factoring Services Framework Agreement to 31 December 2021.

The factoring business between the Group and Huadian Factoring was RMB3,016 million, including reverse factoring of RMB2,916 million and standard factoring of RMB100 million.

For details, please see the announcements of the Company dated 8 January 2021 and 28 April 2021 and the circular dated 29 January 2021.

B. Renewal of Factoring Services Framework Agreement

On 26 October 2021, the Company and Huadian Factoring signed and renewed the Commercial Factoring Services Framework Agreement. The term of the renewed Commercial Factoring Services Framework Agreement is from 1 January 2022 to 31 December 2024. The annual cap for commercial factoring business for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Commercial Factoring Services Framework Agreement shall not exceed RMB7,500 million. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Commercial Factoring Services Framework Agreement between the Company and Huadian Factoring, and the resolution was approved and became effective at the extraordinary general meeting.

DIRECTORS' REPORT (CONTINUED)

China Huadian is a controlling shareholder of the Company, directly and indirectly holding approximately 46.81% of the issued share capital of the Company. Huadian Factoring is a wholly-owned subsidiary of China Huadian and therefore is a connected person of the Company. Therefore, the execution of the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In addition, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Commercial Factoring Services Framework Agreement exceed 5% but are less than 25%, the Commercial Factoring Services Framework Agreement and the transactions contemplated thereunder constitute discloseable transaction pursuant to Chapter 14 of the Hong Kong Listing Rules, and are subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Hong Kong Listing Rules.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

2. Financial Services Framework Agreement with China Huadian Finance Corporation Limited ("Huadian Finance")

A. Renewal of Financial Services Framework Agreement

On 26 October 2021, the Company and Huadian Finance signed and renewed the Financial Services Framework Agreement. The term of the renewed Financial Services Framework Agreement is from 1 January 2022 to 31 December 2024. The average daily balance of the deposits for the period from 1 January 2022 to 31 December 2024 in the transactions contemplated under the Financial Services Framework Agreement shall not exceed RMB9,000 million or the average daily financing balance from Huadian Finance to the Group. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Financial Services Framework Agreement between the Company and Huadian Finance, and the resolution was approved and became effective at the extraordinary general meeting.

Huadian Finance is held as to 36.148% by China Huadian, a controlling shareholder of the Company. Therefore, Huadian Finance is an associate of China Huadian and a connected person of the Company under the Hong Kong Listing Rules.

With regard to deposit services under the Financial Services Framework Agreement, as one or more of the applicable percentage ratios in relation to the maximum average daily balance of the deposits of the deposit services under the Financial Services Framework Agreement, i.e. RMB9,000 million, exceed 5% but are less than 25%, the transaction involving the provision of deposit services to the Group by Huadian Finance constitutes a discloseable transaction and non-exempt continuing connected transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 and the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The independent shareholders have approved the transaction and relevant annual caps.

With regard to settlement services and other financial services under the Financial Services Framework Agreement, since the amount of the settlement services and other financial services under the Financial Services Framework Agreement will continue to be very small, they fall within the de minimis threshold as stipulated under Rule 14A.76(1) of the Hong Kong Listing Rules, thus such transactions are fully exempt continuing connected transactions under the Hong Kong Listing Rules. The Company will monitor the transaction amounts of such financial services and will comply with relevant requirements under the Hong Kong Listing Rules as and when required.

In respect of the provision of loan services under the Financial Services Framework Agreement, since the fees charged by Huadian Finance for the services provided to the Group are not higher than those charged by other commercial banks and financial institutions in the PRC for the same services, the transactions involving the provision of financial assistance by Huadian Finance to the Group are on normal commercial terms or better to the Group, and no security over the Group's assets is granted in respect of the financial assistance. Such loans are fully exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

DIRECTORS' REPORT (CONTINUED)

B. Continuing Connected Transactions During 2021

On 2 November 2018, the Company entered into the Financial Services Framework Agreement with Huadian Finance for a term of three years commencing from 1 January 2019 to 31 December 2021, pursuant to which Huadian Finance shall provide financial services including deposit services, loan services, settlement services and other financial services to the Group. Pursuant to the Financial Services Agreement, the maximum average daily balance of the deposits placed by the Group with Huadian Finance is RMB9,000 million and shall not be more than the average daily loan balance from Huadian Finance to the Group.

In 2021, the maximum average daily balance of the deposits placed by the Group with Huadian Finance was RMB8,930 million, which did not exceed RMB9,000 million or the average daily loan balance from Huadian Finance to the Group.

For details, please see the announcements of the Company dated 2 November 2018 and 27 December 2018 and the circular of the Company dated 28 November 2018.

3. Fuel, Equipment and Services Purchase (Supply) Framework Agreement with China Huadian

A. Execution of Supplementary Agreement to the Framework Agreement

On 26 October 2021, the Company and China Huadian signed the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement. Under the Supplementary Agreement, the annual cap for the continuing connected transactions involving the purchase of fuel for the period from 2021 to 2023 is changed from RMB8,000 million to RMB14,000 million, and other terms remain unchanged. The 5th extraordinary general meeting for 2021 held on 14 December 2021 considered the Supplementary Agreement to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement between the Company and China Huadian, and the resolution was approved and became effective at the extraordinary general meeting.

China Huadian is the controlling shareholder of the Company and therefore is a connected person of the Company. Therefore, the transactions contemplated under the existing Fuel, Equipment and Services Purchase (Supply) Framework Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratios for the revised annual caps for the purchase of fuel contemplated under the existing Fuel, Equipment and Services Purchase (Supply) Framework Agreement exceed 5%, the revisions to the annual caps are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

For details, please see the announcements of the Company dated 26 October 2021 and 14 December 2021 and circular dated 24 November 2021.

B. Continuing Connected Transactions During 2021

On 11 September 2020, the Company and China Huadian entered into the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, to specify the purchase of fuel by the Group from China Huadian, the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian to the Group, and the sale of fuel and the provision of relevant services to China Huadian by the Group. The term of the Fuel, Equipment and Services Purchase (Supply) Framework Agreement commenced on 1 January 2021 and will expire on 31 December 2023. Pursuant to the Fuel, Equipment and Services Purchase (Supply) Framework Agreement, and the above supplementary agreement, the adjust annual cap for the purchase of fuel by the Group from China Huadian is RMB14,000 million, the annual cap for the provision of engineering equipment, systems, products, engineering and construction contracting projects, environmental protection system renovation projects, supplies procurement services and miscellaneous and relevant services by China Huadian is RMB8,000 million and the annual cap for the sale of fuel and the provision of relevant services to China Huadian by the Group is RMB13,000 million.

In 2021, the actual amount of purchase of fuel by the Group from China Huadian was approximately RMB10,081 million; the actual amount of provision of engineering equipment, products, and relevant services by China Huadian (including the cost of environmental protection and technological transformation) was approximately RMB3,273 million, and the actual amount of the sale of fuel and the provision of relevant services to China Huadian by the Group was approximately RMB12,490 million.

For details, please see the announcements of the Company dated 11 September 2020 and 28 October 2020 and the circular dated 9 October 2020.

4. Lease Agreement with Beijing Huabin

On 7 December 2020, the Company entered into the Lease Agreement with Beijing Huabin in respect of the lease of certain properties of Huadian Tower by the Company, pursuant to which, during the three years from 1 January 2021 to 31 December 2023, the Group leased certain properties of Huadian Tower from Beijing Huabin, and the annual rental is approximately RMB42.64 million.

DIRECTORS' REPORT (CONTINUED)

Beijing Huabin is a subsidiary of China Huadian, the controlling shareholder of the Company. As such, according to the Hong Kong Listing Rules, Beijing Huabin is an associate of China Huadian and thus a connected person of the Company. The connected transactions under the Lease Agreement constituted continuing connected transactions of the Company under the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the annual rentals of the continuing connected transactions under the Lease Agreement exceeds 0.1% but is lower than 5%, such transactions shall be subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules but are exempt from the independent shareholders' approval requirement. Considering the long-term relationship between the Group and Beijing Huabin, the Company considers that it is beneficial to continue to enter into the Lease Agreement with Beijing Huabin as such transactions have provided the Group a good working environment and will continue to facilitate the operation and growth of the Group's businesses.

The annual rental paid by the Group to Beijing Huabin during 2021 amounted to approximately RMB42.1252 million.

For details, please see the announcement of the Company dated 7 December 2020.

5. Finance Lease Framework Agreement with Huadian Financial Leasing Company Limited ("Huadian Financial Leasing")

On 8 May 2020, the Company entered into the Finance Lease Framework Agreement with Huadian Financial Leasing with a term of three years from 1 July 2020 to 30 June 2023, pursuant to which, Huadian Financial Leasing agreed to provide the Group with finance lease services, including direct lease services and sale and leaseback services. The maximum financing balance obtained by the Group from Huadian Financial Leasing for the three financial years ending 30 June 2023 will be capped at RMB6.0 billion. The annual caps for each of the direct lease and the sale and leaseback services for the three financial years ending 30 June 2023 are RMB1,500 million and RMB500 million, respectively.

Huadian Financial Leasing is a subsidiary of China Huadian, the controlling shareholder of the Company, and thus a connected person of the Company under the Hong Kong Listing Rules. The connected transactions under the Finance Lease Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions under the Finance Lease Framework Agreement exceeds 0.1% but is less than 5%, the transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. However, such transactions are subject to the approval by the independent shareholders at the general meeting of the Company pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the "Shanghai Listing Rules"). The transactions have been approved by the independent shareholders.

In 2021, the maximum financing balance obtained by the Group from Huadian Financial Leasing was RMB788 million, of which the amounts of the direct lease services and the sale and leaseback services were RMB587 million and RMB500 million respectively for the period from 1 July 2020 to 30 June 2021, and the amounts of the direct lease services and the sale and leaseback services were RMB253 million and RMB350 million respectively for the period from 1 July 2021 to 31 December 2021.

For details, please see the announcements of the Company dated 8 May 2020 and 30 June 2020, and the circular dated 15 May 2020.

6. Coal Purchase Framework Agreement with Shaanxi Coal Selling and Transportation (Group) Corporation ("Shaanxi Coal Transportation")

On 7 December 2020, the Company entered into a 3-year Coal Purchase Framework Agreement with Shaanxi Coal Transportation, pursuant to which, the annual cap for the Company's coal purchase from Shaanxi Coal Transportation is RMB3,500 million for the period from 1 January 2021 to 31 December 2023.

Shaanxi Coal Transportation is a subsidiary of Shaanxi Coal and Chemical Group Industry Group Co., Ltd. ("Shaanxi Coal and Chemical Group") (which is a substantial shareholder of a subsidiary of the Company) and thus a connected person of the Company at the subsidiary level under the Hong Kong Listing Rules. The connected transactions under the Coal Purchase Framework Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. As the Board has approved the transactions under the Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

In 2021, the actual amount of coal purchased by the Group from Shaanxi Coal Transportation was approximately RMB737 million.

For details, please see the announcement of the Company dated 7 December 2020.

DIRECTORS' REPORT (CONTINUED)

7. Coal Purchase Framework Agreement with Yanzhou Coal Mining Company Limited ("Yanzhou Coal")

The Company renewed the Coal Purchase Framework Agreement with Yanzhou Coal on 1 November 2019, for a term of three years from 1 January 2020 to 31 December 2022. The annual cap for the coal purchase will not exceed RMB8.0 billion.

Yanzhou Coal is a substantial shareholder of Zouxian Company (a non-wholly-owned subsidiary of the Company), thus Yanzhou Coal is a connected person of the Company at the subsidiary level and the purchase of coal from Yanzhou Coal by the Company constitutes continuing connected transactions of the Company under the Hong Kong Listing Rules. As the Directors have approved the transactions under the Coal Purchase Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the transactions thereunder are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

In 2021, the actual amount of coal purchased by the Group from Yanzhou Coal was approximately RMB2,873 million.

For details, please see the announcement of the Company dated 1 November 2019.

8. Continuing Loan Framework Agreement with China Huadian

On 11 September 2020, the Company entered into the Continuing Loan Framework Agreement with China Huadian for a term of three years from 1 January 2021 to 31 December 2023. Provided that the loan interest rate shall not exceed that available to the Company from commercial banks during the same period and the loans do not require the Group to provide any form of mortgage, pledge, third party guarantee or other forms of guarantee, the annual average loan balance provided by China Huadian and its subsidiaries (excluding the Group) to the Group shall not exceed RMB20.0 billion.

China Huadian is the controlling shareholder of the Company, thus is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. According to the requirements of the Hong Kong Listing Rules, the Continuing Loan Framework Agreement constitutes financial assistance of the connected person to the Group, provided that: (i) the financing cost of the Group shall not be higher than that available to the Company from the commercial banks for the same financing products with the same term during the same period and the loans are conducted on normal commercial terms or better to the Group; and (ii) the loans are not secured by any of the assets of the Group, such loans are exempted financial assistance under Rule 14A.90 of the Hong Kong Listing Rules and are not subject to the reporting, announcement and relevant independent shareholder's approval requirements under Chapter 14A of the Hong Kong Listing Rules. However, the above loans constitute continuing related party transactions of the Company pursuant to the relevant requirements of the Shanghai Listing Rules and the PRC law. The transactions have been approved by the independent shareholders.

In 2021, China Huadian and its subsidiaries (excluding the Group) provided to the Group an annual average loan balance amounted to RMB17.166 billion.

For details, please see the announcements of the Company dated 11 September 2020 and 28 October 2020, and the circular of the Company dated 9 October 2020.

The Company has engaged external auditors to report on the Group's seven aforesaid continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditors' Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have submitted an unqualified letter containing their conclusions in respect of the No. (1) to No. (7) continuing connected transactions set out above to the Board in accordance with Rule 14A.56 of the Hong Kong Listing Rules. A copy of the Auditors' Letter has been provided by the Company to the Hong Kong Stock Exchange.

The auditors of the Company confirmed that these continuing connected transactions:

- (1) had been approved by the Board of the Company and/or on general meetings;
- (2) were carried out on the price policies of the Company, if the transactions are related to the provision of goods or services by the Company;
- (3) were carried out under relevant agreements of these transactions; and
- (4) did not exceed the caps as disclosed in previous announcements.

The Company's independent non-executive Directors have reviewed the continuing connected transactions set out above and confirmed that:

- (1) these transactions were entered into in the ordinary and usual course of the business of the Group;
- (2) these transactions were under normal commercial terms or more favourable terms; and
- (3) these transactions were conducted under agreed terms of relevant transactions which are fair and reasonable and in the interests of the Group and its shareholders as a whole.

DIRECTORS' REPORT (CONTINUED)

In respect of the Company's material related party transactions set out in note 40 to the consolidated financial statements prepared in accordance with IFRSs, to the extent that they constitute connected transactions and/or continuing connected transactions of the Company under the Hong Kong listing Rules that apply to it, the Company confirms that it has complied with the relevant requirements under the Hong Kong Listing Rules (if applicable).

Save as disclosed above, the material related party transactions of Company set out in note 40 to the consolidated financial statements prepared in accordance with IFRSs do not constitute connected transactions of the Company under the Hong Kong Listing Rules.

ISSUE OF DEBENTURES

In 2021, in order to meet its operational needs, the Group has successfully issued five tranches of super short-term debentures at a total par value of RMB10.5 billion and the interest rates ranging from 2.16% to 2.58% per annum; the Group has successfully issued five tranche of medium-term notes at a par value of RMB11.1 billion and the interest rate ranging from 3.06% to 3.57% per annum. For details, please see notes 31(e) and 31(f) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

ISSUE OF EQUITY FINANCING INSTRUMENTS

In 2021, in order to meet its operational needs, the Company has successfully issued two tranches of perpetual capital securities at a total par value of RMB4.5 billion. For details, please see note 39(e) to the consolidated financial statements prepared in accordance with IFRSs included in this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

FINANCIAL SUMMARIES

Summaries of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2021 prepared in accordance with IFRSs are set out on page 127. The Company is not aware of any matter taking place in the year ended 31 December 2021 that would be required to be disclosed under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

BUSINESS REVIEW AND OUTLOOK

Description of the fair review of the Group's business, potential risks and countermeasures of the Group, material factors related to the performance and finance of the Group and the future development of the Group's business are set out in the sections headed "Business Review and Outlook" and "Management Discussion and Analysis" of this report.

MATERIAL LITIGATION

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

DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

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

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the annual results of the Group for 2021 and the financial statements prepared under IFRSs for the financial year ended 31 December 2021.

AUDITORS

At the annual general meeting held on 30 June 2021, the Company changed the domestic auditor from BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) to Baker Tilly China Certified Public Accountants (Special General Partnership) and changed the international auditor from BDO Limited to Baker Tilly Hong Kong Limited. The respective term of service of Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited is proposed to commence from the date of the 2021 annual general meeting up to the date of next annual general meeting of the Company. Apart from these, there have been no other changes of auditors in the past three years.

By Order of the Board
Ding Huande
 Chairman

CORPORATE GOVERNANCE REPORT

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

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

1. Articles of Association;
2. Rules of Procedures for General Meetings of Shareholders, Rules of Procedures for the Board of Directors and Rules of Procedures for the Supervisory Committee of the Company (as a part of the current Articles of Association);
3. Terms of Reference of the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategic Committee of the Board of the Company;
4. Working Requirements for Independent Directors;
5. Working Requirements for Secretary to the Board;
6. Working Rules for General Manager;
7. Code on the Company's Investment Projects;
8. the Company's Management Methods on Raised Proceeds;
9. the Company's Management Methods on External Guarantees;
10. the Company's Management Rules on Information Disclosure;
11. Management Rules on Investor Relations and Implementation Procedures;
12. Code on Trading in Securities of the Company by Directors (Supervisors) of the Company;
13. Code on Trading in Securities of the Company by Employees of the Company;
14. Management Methods for Affairs of the Board of Directors;
15. Working Rules on Annual Report for the Audit Committee of the Board;
16. Working Rules on Annual Report for Independent Directors;
17. Management Methods on Connected Transactions; and
18. Insider Registration and Management Methods.

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

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

THE BOARD OF DIRECTORS

As an efficient leader of the Company, the Board is responsible for the leadership and supervision of the Company.

Directors as a whole are responsible for advancing activities of the Company through commanding and monitoring. We are of the opinion that all Directors can act on an objective basis and make decisions in the interest of the Company.

As at 31 December 2021, members of the Board are set out below:

Name	Position in the Company
Ding Huande	Chairman, Executive Director
Ni Shoumin	Vice Chairman, Non-executive Director
Peng Xingyu	Non-executive Director
Luo Xiaoqian	Executive Director
Zhang Zhiqiang	Non-executive Director
Li Pengyun	Non-executive Director
Wang Xiaobo	Non-executive Director
Feng Rong	Executive Director
Feng Zhenping	Independent Non-executive Director
Li Xingchun	Independent Non-executive Director
Li Menggang	Independent Non-executive Director
Wang Yuesheng	Independent Non-executive Director

The biographical details of the Directors are detailed in the section headed "Directors, Supervisors and Senior Management" in this annual report. No Directors have any personal relationships (including material/relevant relationships in terms of finance, business, family or otherwise) with any other Directors or chief executive of the Company. Directors (including non-executive Directors) of each session serve a term of three years, renewable upon re-election and reappointment. The term of office for independent non-executive Directors is renewable with a limit of six years. A Director who is elected to fill a temporary vacancy shall be elected by the shareholders at the first general meeting following his/her election, and his/her term of office shall be terminated upon re-election of Directors. A Director who is elected for the first time shall report to the Board his/her position as director or other roles in other companies or entities upon his/her election, and such reporting of relevant interests is updated annually. In the event that the Board considers that a conflict of interest exists for a Director or any of his/her associates when considering any resolution, such Director shall report such interest and abstain from voting.

The independent non-executive Directors have submitted written confirmation of their independence as required by Rule 3.13 of the Hong Kong Listing Rules. The independent non-executive Directors of the Company have extensive expertise and experience. Among the nine non-executive Directors, four of them (representing no less than one-third of all Directors) are independent non-executive Directors. Among them, Director Li Menggang is an accounting professional, who plays an important role of check and balance and safeguards the interests of the shareholders and the Company as a whole. The Board is of the opinion that all independent non-executive Directors are able to deliver effective independent judgments under the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules, and are independent in accordance with such guidelines.

To ensure compliance with the Board procedures and all applicable rules, each Director has access to advice and services of the Secretary to the Board. Directors are encouraged to enroll in comprehensive professional development courses and seminars relating to the Hong Kong Listing Rules, the Companies Ordinance, laws and corporate governance practices so that they can continuously update and further improve their relevant knowledge and skills. From time to time, the Directors are provided with written training materials to develop and refresh their professional skills.

The Directors of the Company received the following trainings with an emphasis related to the roles, functions and duties of a director of a listed company during the year ended 31 December 2021:

Name	Trainings ^(Note 1)
Ding Huande	A
Ni Shoumin	A
Peng Xingyu	A
Luo Xiaoqian	A
Gou Wei ^(Note 2)	A
Hao Bin ^(Note 2)	A
Zhang Zhiqiang	A, B
Li Pengyun	A, B
Wang Xiaobo	A
Feng Rong	A
Feng Zhenping	A
Li Xingchun	A
Wang Dashu ^(Note 2)	A
Zong Wenlong ^(Note 2)	A
Li Menggang	A
Wang Yuesheng	A

CORPORATE GOVERNANCE REPORT (CONTINUED)

Note 1:

- A: Read relevant listing rules, the general business or responsibilities of the directors and other relevant training materials and updates
 B: Attend seminars and/or lectures

Note 2:

Mr. Gou Wei and Mr. Hao Bin ceased to be the Director of the Company with effect from 27 January 2021. Mr. Wang Dashu and Mr. Zong Wenlong ceased to be the Director of the Company with effect from 30 June 2021.

The current Company Secretary has taken no less than 15 hours of relevant professional training for the year ended 31 December 2021.

CHAIRMAN AND GENERAL MANAGER

To improve independence, accountability and responsibility, the positions of the Chairman and General Manager of the Company are assumed by different individuals. During the reporting period, the position of Chairman was served by Mr. Ding Huande (served as the Chairman since 28 October 2020); the position of General Manager was served by Mr. Luo Xiaoqian (served as the General Manager since 30 June 2020). As the legal representative of the Company, the Chairman presides over the Board, aiming to ensure that the Board acts in the best interest of the Company, operates effectively, duly fulfils its responsibilities and engages in discussion of important and appropriate matters, and to ensure Directors' access to accurate, timely and clear data. In addition, the Chairman appoints the Secretary to the Board to arrange for agenda of every Board meeting and consider any matter proposed by other Directors to be included in the agenda, thus ensuring that all Directors are properly briefed regarding matters discussed at the Board meeting and have the access to adequate and reliable data in due time. The Chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors.

The General Manager heads the management to take charge of daily operation of the Company. With the cooperation from other executive Directors and management team of each business department, the General Manager manages the business of the Company, including implementation of policies adopted by the Board and reporting to the Board in respect of the overall operation of the Company.

THE MANAGEMENT

The Board and the management work separately and cooperate with each other in accordance with relevant requirements of the Company Law, the Articles of Association and the Working Rules for General Manager of the Company. The duties and responsibilities of the management include, but are not limited to, the following matters:

- (1) to preside over the production, operation and management of the Company, and to implement resolutions of the Board;
- (2) to formulate development plans, annual production and operation plans, annual financial budget and final account scheme, profit (after tax) distribution plan and loss recovery plan of the Company;
- (3) to implement the Company's annual business plans and investment schemes;
- (4) to formulate the scheme of the Company's internal management structure;
- (5) to formulate the Company's basic management system;
- (6) to formulate the Company's detailed regulations;
- (7) to determine remuneration, welfare, bonus and penalties of employees of the Company and to determine appointment or dismissal of them;
- (8) to handle significant business on behalf of the Company; and
- (9) to exercise other powers within the authorisation of Articles of Association and the Board.

BOARD MEETINGS

The Board shall convene at least four meetings annually, approximately one in each quarter. The Chairman of the Board should convene the Board meetings, ensure the Board's effective discharge of its duties, schedule agenda of Board meetings and consider matters proposed by other Directors to be included in the agenda. The Board has arrangements in place to ensure that all Directors are given an opportunity to include matters in the agenda for regular Board meetings. 14 days' notice shall be given prior to the commencement of a regular meeting.

The Chairman of the Board shall convene an extraordinary meeting of the Board within 10 days in any of the following cases:

- (1) when proposed by the shareholders representing more than 10% voting rights;
- (2) when deemed as necessary by the Chairman of the Board;
- (3) when proposed jointly by more than one-third of the Directors;
- (4) when proposed jointly by more than one-half of the independent Directors;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (5) when proposed by the Supervisory Committee; and
- (6) when proposed by the General Manager.

Notice of Board meetings and extraordinary Board meetings should be served on all Directors, either by facsimile, express mail, registered air mail, by hand or email.

If the time and venue for a regular meeting have been previously determined by the Board, no notice is necessary. Otherwise, the Chairman of the Board or relevant proposer shall inform the Secretary to the Board of the proposal and agenda of the meeting in writing, and the Secretary to the Board shall then dispatch a notice containing time, venue and agenda of the Board meeting to the Directors 10 days prior to the date of the meeting. However, each Director may waive his/her right for being served with the notice of the Board meeting prior or subsequent to the dispatch of the notice. The Secretary to the Board should also send a copy of the above-mentioned notice of the Board meeting to the Chairman of the Supervisory Committee prior to the meeting.

Each Director has one vote. The Board's resolutions shall be passed by a simple or two-thirds majority of the Directors in accordance with the provisions of relevant laws, regulations and the Articles of Association of the Company. A Director shall attend Board meetings in person. Regular or extraordinary Board meetings can be held by way of teleconference meeting or by virtue of similar telecommunication device. So long as the participating Directors can hear and communicate effectively with each other, all participating Directors are deemed as if they had participated in the meeting in person.

A Director shall appoint, in writing, another Director to attend the meeting on his/her behalf in case of unavailability of attendance. The scope of authorisation shall be specified in the authorisation letter. The Director attending the meeting on behalf of the entrusting Director shall only exercise the rights within the authorisation letter. Should a Director neither attend a Board meeting nor appoint another Director to attend on his/her behalf, such Director shall be deemed to have waived his/her voting rights at such meeting.

The Secretary to the Board shall prepare detailed minutes for the matters put to the Board meeting for consideration and resolutions passed, including any reserved or dissenting opinion expressed by the Directors. Within a reasonable period of time following the conclusion of the Board meeting, the Secretary to the Board shall dispatch to all Directors the draft and final minutes of Board meetings at which reserved or dissenting opinions are expressed by the Directors for comments and for records, respectively.

There has been a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the expense of the Company. The Board resolves to provide separate independent professional advice to Directors.

The Board accepts the proposal passed by written resolution instead of convening a Board meeting and such draft proposal shall be dispatched to each Director, either by hand, mail, telex, facsimile or email. Unless otherwise stipulated by applicable laws, regulations and/or relevant listing rules, a resolution shall come into effect without a Board meeting being convened when the number of Directors signing and consenting to the written resolution meets the quorum for the resolution as required by the laws, administrative regulations and the Articles of Association in connection therewith, and the signed resolution is returned to the Secretary to the Board by the aforesaid means.

Any written resolution not being executed by Directors in accordance with legal procedures, even opined by each Director by different means, shall not come into legal force as a resolution of the Board. Minutes of meetings of the Board and its committees shall be kept by the Secretary to the Board, and upon any Director's request to review, the Secretary to the Board shall produce to such Director the requested minutes within a reasonable period of time.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

To ensure sound corporate governance, the Board has established the following committees: Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategic Committee, and specified their respective terms of reference in accordance with principles stipulated by laws, regulations and the CG Code. Relevant administrative departments set up by those special committees in the Company are responsible for the preparation of meeting documents while those special committees report to the Board.

The Board reports to the general meeting, and is also responsible for the completeness of financial data as well as the effectiveness of internal control system and risk management procedures of the Company. Besides, the Board shall bear the responsibility for the preparation of corporate financial statements, while the General Manager assumes duties of attaining business goals and attending to daily operations of the Company. Through regular reviews of functions of the General Manager and his/her authorised powers, the Board ensures the rationality of such arrangement. In addition, the Board also regularly reviews performances in relation to budget and business goals of operating departments, and retained various powers, including:

- (1) to convene general meetings and report its work to the general meetings;
- (2) to implement the resolutions passed at general meetings;
- (3) to decide the Company's business plans and investment schemes;
- (4) to formulate the Company's annual budget scheme and final account plan;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (5) to formulate the Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for increasing or reducing the Company's registered capital and the issue of corporate debentures;
- (7) to draw up plans for repurchase of the Company's shares or proposal for merger, division or dissolution of the Company;
- (8) within the authorisation of the general meeting, to determine external investment, acquisition and disposal of assets, pledge of assets, trusted finance, connected transactions; and to determine other guarantee matters not subject to approval of the general meeting as stipulated by law, administrative regulations and the Article of Association;
- (9) to determine the establishment of the Company's internal management structure;
- (10) to appoint or dismiss the Company's General Manager and the Secretary to the Board, and pursuant to the General Manager's nominations, to appoint or dismiss senior management including the Deputy General Managers and financial officers of the Company and determine their remuneration, bonus and penalties;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposed amendments to the Articles of Association;
- (13) to manage the information disclosure of the Company;
- (14) to propose at general meetings for the appointment or change of auditors providing audit services to the Company;
- (15) to hear the work report and inspect the work of the Company's General Manager; and
- (16) to exercise any other powers specified in relevant laws, administrative regulations or the Articles of Association and conferred by the shareholders at general meetings.

Except for the Board's resolutions in respect of the matters specified in the abovementioned items (6), (7), (12) and external guarantees which shall be passed by two-thirds majority of the Directors, the Board's resolutions in respect of any other aforesaid matters may be passed by a simple majority. The Board mainly performed the following duties in respect of corporate governance in the reporting period:

- (1) to develop and review the Company's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (3) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors of the Company;
- (4) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and
- (5) to review the Company's compliance with CG Code and disclosure in the Corporate Governance Report in the annual report.

Sixteen Board meetings were held by the Company in the financial year from 1 January 2021 to 31 December 2021, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Number of meetings actually attended (excluding by proxy)/ number of meetings to attend
Ding Huande	Chairman, Executive Director	16/16
Ni Shoumin	Vice Chairman, Non-executive Director	16/16
Peng Xingyu	Non-executive Director	16/16
Luo Xiaoqian	Executive Director	16/16
Gou Wei ^(Note 2)	Former Non-executive Director	1/1
Hao Bin ^(Note 2)	Former Non-executive Director	1/1
Zhang Zhiqiang	Non-executive Director	15/15
Li Pengyun	Non-executive Director	15/15
Wang Xiaobo	Non-executive Director	16/16
Feng Rong	Executive Director	16/16
Feng Zhenping	Independent Non-executive Director	16/16
Li Xingchun	Independent Non-executive Director	16/16
Wang Dashu ^(Note 2)	Former Independent Non-executive Director	10/10
Zong Wenlong ^(Note 2)	Former Independent Non-executive Director	10/10
Li Menggang	Independent Non-executive Director	6/6
Wang Yuesheng	Independent Non-executive Director	6/6

CORPORATE GOVERNANCE REPORT (CONTINUED)

One annual general meeting and five extraordinary general meetings were held by the Company in the financial year from 1 January 2021 to 31 December 2021, the attendance of each Director at which is set out as follows:

Name	Position in the Company	Number of meetings actually attended/number of meetings to attend
Ding Huande	Chairman, Executive Director	6/6
Ni Shoumin	Vice Chairman, Non-executive Director	5/6
Peng Xingyu	Non-executive Director	3/6
Luo Xiaoqian	Executive Director	4/6
Gou Wei	Former Non-executive Director	0/1
Hao Bin	Former Non-executive Director	0/1
Zhang Zhiqiang	Non-executive Director	5/5
Li Pengyun	Non-executive Director	3/5
Wang Xiaobo	Non-executive Director	4/6
Feng Rong	Executive Director	6/6
Feng Zhenping	Independent Non-executive Director	4/6
Li Xingchun	Independent Non-executive Director	3/6
Wang Dashu	Former Independent Non-executive Director	4/4
Zong Wenlong	Former Independent Non-executive Director	2/4
Li Menggang	Independent Non-executive Director	2/2
Wang Yuesheng	Independent Non-executive Director	2/2

Note: Mr. Peng Xingyu, non-executive Director, Mr. Gou Wei, former non-executive Director, Mr. Hao Bin, former non-executive Director, Mr. Zong Wenlong, former independent non-executive Director were unable to be present at the extraordinary general meeting of the Company held on 27 January 2021 due to personal work commitment. Mr. Ni Shoumin, deputy chairman and non-executive Director, Mr. Luo Xiaoqian, executive Director, Mr. Peng Xingyu, non-executive Director, Mr. Li Pengyun, non-executive Director, and Mr. Li Xingchun, independent non-executive Director were unable to be present at the extraordinary general meeting of the Company held on 28 April 2021 due to personal work commitment. Mr. Peng Xingyu, non-executive Director, Mr. Luo Xiaoqian, executive Director, Mr. Zong Wenlong, former independent non-executive Director, Mr. Feng Zhenping, independent non-executive Director and Mr. Li Xingchun, independent non-executive Director were unable to be present at the extraordinary general meeting of the Company held on 28 May 2021 due to personal work commitment. Mr. Li Pengyun, non-executive Director, Mr. Wang Xiaobo, non-executive Director and Mr. Li Xingchun, independent non-executive Director were unable to be present at the annual general meeting of the Company held on 30 June 2021 due to personal work commitment. Mr. Wang Xiaobo, non-executive Director and Mr. Feng Zhenping, independent non-executive Director were unable to be present at the extraordinary general meeting of the Company held on 14 December 2021 due to personal work commitment.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors confirm that they are responsible for the preparation of the financial statements of the Group. Mr. Ding Shengmin was in charge of the accounting department. With the assistance of the accounting department, the Directors ensure that the financial statements of the Company are prepared in compliance with relevant laws, regulations and applicable accounting policies. The Directors also confirm that the financial statements of the Company will be published in due course. Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as going concern.

The responsibility statement made by the Company's auditor in respect of the financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the "Model Code" as the code of conduct regarding securities transactions by its Directors and Supervisors. In addition, it formulated the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" which requires the Directors and Supervisors to sign, as early as the commencement of their term of office, a statement on share transaction undertaking that any share transaction by Directors or Supervisors and their associates will be reported to the Board or the Supervisory Committee. No securities transaction should be conducted by the Directors or Supervisors prior to a written consent being given with a specific date certifying compliance of the proposed transaction with the Hong Kong Listing Rules and Shanghai Listing Rules and the requirements regarding transactions of securities of listed companies by Directors and Supervisors as stipulated in the abovementioned codes.

After specific inquiries with all Directors and Supervisors, the Directors and Supervisors of the Company have complied with the relevant codes on securities transactions by Directors and Supervisors set out in the "Model Code" and the "Code on Trading of the Company's Securities by Directors (Supervisors) of Huadian Power International Corporation Limited" during the year ended 31 December 2021.

AUDIT COMMITTEE

In accordance with the Hong Kong Listing Rules, the Board set up the Audit Committee in August 1999. It comprises five members, including three independent non-executive Directors and two non-executive Directors. One of the five members is an independent non-executive director who is an accounting professional. In addition to carrying out duties in accordance with the Hong Kong Listing Rules and requirements stipulated in the "A Guide for Effective Operation of an Audit Committee" issued by Hong Kong Institute of Certified Public Accountants and the "Principle on Governance of Listed Companies" issued by the China Securities Regulatory Commission, the Audit Committee of the Board comprising such five members also formulated the "Working Rules for the Audit Committee of the Board of Directors of Huadian Power International Corporation Limited" by setting out the scope of their powers and functions in details.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The primary terms of reference of the Audit Committee include:

- (1) to make recommendations to the Board on the appointment, reappointment or replacement of the external auditor;
- (2) to review and monitor the external auditor's independence and objectivity as well as the effectiveness of the audit process;
- (3) to formulate and implement policies on engaging an external auditor to supply non-audit services;
- (4) to act as the key representative body for the communication between the Company and the external auditor;
- (5) to examine, monitor and supervise integrity of the Company's financial statements, annual reports and interim reports, and to review the major opinions on financial reporting in such statements and reports; and
- (6) to examine and continuously monitor the efficient operation of internal control and risk management system of the Company, hear the report regarding internal control and risk management mechanism as well as the system establishment of the enterprise, and offer opinion and suggestion accordingly.

The terms of reference of the Audit Committee are published on the webpage of the Company at <http://www.hdpi.com.cn/>. During the reporting period, the Audit Committee of the Company is chaired by former independent non-executive Director Mr. Zong Wenlong (ceased to be the chairman on 30 June 2021) and independent non-executive Director Mr. Li Menggang, and is comprised of members including non-executive Directors Mr. Peng Xingyu (ceased to be a member on 30 June 2021) and Mr. Li Pengyun (served as members since 27 January 2021), Mr. Wang Xiaobo and Mr. Wang Yuesheng (served as members since 30 June 2021), independent non-executive Directors Mr. Li Xingchun, former independent non-executive Directors Mr. Wang Dashu (ceased to be a member on 30 June 2021). They are responsible for the communication between the Company's internal and external auditors, supervision and examination while giving advice to the Board on audit, risk management, internal control and corporate governance. In particular, Mr. Li Menggang is an accounting professional.

The Audit Committee held seven meetings respectively on 5 January, 25 March, 21 May, 30 June, 27 August, 26 October and 15 December 2021 with the average attendance rate of 100%. All of the Directors of the committee attended all of the meetings in person instead of by proxy.

During the reporting period, the Audit Committee considered and approved internal control evaluation reports of the Company and the proposals on connected transactions and continuing connected transactions, examined relevant information in the annual and interim financial reports of the Company, considered and approved the proposal on appointment of domestic and foreign auditors, carefully reviewed the Directors' Report, the Auditor's Report and Internal Control Audit Report. In respect of corporate governance, the Audit Committee has developed and reviewed the Company's policies and practices on corporate governance and make recommendations to the Board; reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; developed, reviewed and monitored the code of conduct and compliance manual applicable to the Company's employees and Directors; and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

Main Features of the Risk Management and Internal Control Systems

The Board is responsible for the ongoing supervision on the Company's risk management and internal control systems. The Board has developed the Group's risk management and internal control systems and confirmed that the Board bears the overall responsibility for overseeing and reviewing the effectiveness of the risk management and internal control systems to safeguard the interest of the shareholders and the assets of the Group. It reviews the effectiveness of the systems at least annually to ensure the adequacy of resources, staff qualifications and experience, training programs received by staffs and budget of the Group on accounting, internal audit and financial reporting functions.

The Company has established its special department to regularly review the adequacy and effectiveness of the Group's risk management and internal control systems, and the Audit Committee will review the work report and suggestions made by the independent internal audit department on the effectiveness of the key internal control system.

The Company's risk management and internal control systems are designed to manage rather than eliminate risks, and can only provide reasonable but not absolute assurance against material misstatement or loss. We have employed a bottom-up approach to identify, assess and mitigate risk to the largest extent at all business unit levels and across functional areas of the Group.

Process Used to Identify, Evaluate and Manage Major Risks

The Company's risk management and internal control systems are mainly responsible for tracking and recording identified major risks, assessing and evaluating major risks and developing and updating counter-measures, as well as continuing to test risk management and internal control procedures to ensure their effectiveness.

The Company has put in place appropriate policies and monitoring procedures to ensure that no asset will be used or disposed without authorisation of the Company. The Company maintains reliable financial and accounting records in accordance with the relevant accounting standards and regulatory reporting regulations, and properly identifies and manages major risks which may affect the Company's performance, and reasonably ensures that the level of risk is within the acceptable scope of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Process Used to Review the Effectiveness of the Risk Management and Internal Control Systems and to Resolve Material Internal Control Defects

During the risk evaluation process, each business department and major subsidiaries which face risks are the first responsible persons to identify the major risks that have reached target. It should assess the residual risks and report to the management, the Audit Committee and the Board of the Company after considering the counter-measures against major risks.

The internal control department of the Company carries out its work based on risks and defects. The internal control department of the Company formulates the annual internal control evaluation work plan covering the Company's operation, business and finance and major procedures of its affiliated entities, and reports the evaluation findings to the management and the Board of the Company. The internal control department of the Company urges relevant entities to rectify the internal control defects identified in the process and reports the progress of rectification to the Audit Committee and the management on a regular basis.

The internal control department of the Company reports the adequacy and effectiveness of its monitoring to the management, the Audit Committee and the Board of the Company.

The management of the Company, with assistance of the internal control department, is responsible for the design, implementation, supervision and evaluation of the risk management and internal control systems, and reports the effectiveness of risk management and internal control to the Audit Committee and the Board.

The Company has adopted various policies and procedures to evaluate and enhance the effectiveness of the risk management and internal control systems, including requiring the management to conduct assessment on a regular basis and control the risks at a level which is acceptable to the Company to ensure that the risk management and internal control systems of the Company operate effectively, which the Company believes will enhance the corporate governance in the future and improve the risk management and internal control capacities of the Company.

The Company has integrated risk management and internal control into its daily operations. The functional departments and affiliated entities of the Company continuously conduct risk assessment, formulate risk management strategies and risk counter-measures, assess residual risks and report risk events and counter-measures implemented to the relevant business management departments of the Company on a timely basis. The relevant business departments of the Company summarise the possibility and effect of risk events, analyse the effectiveness of its risk management and internal control strategies and counter-measures, and report to the management and the Board of the Company on a regular basis.

Procedures and Internal Control for the Handling and Dissemination of Inside Information

The Board has already established a policy on the procedures and internal control for the handling and dissemination of inside information. The policy stipulated the duty and responsibility of publishing inside information, restriction on sharing non-public information, handling of rumours, unintentional selective disclosure, exemption and waiver to the disclosure of inside information, and also compliance and reporting procedures. Every senior management of the Company must take all reasonable measures to prevent the breach of the disclosure requirement in relation to the Company. They must promptly bring any possible leakage or divulgence of inside information to the attention of the management, who will notify the Board accordingly and take appropriate actions promptly. For any material violation of this policy, the Board will decide, or designate appropriate persons to decide the course of actions for rectifying the problem and avoiding reoccurrence.

In 2021, the effectiveness assessment on risk management and internal control of the Company and its subsidiaries was conducted using the "Internal Control and Risk Management – A Basic Framework" issued by Hong Kong Institute of Certified Public Accountants as guidance, and in accordance with requirements of the "Standard Regulations on Corporate Internal Control" jointly issued by five PRC ministries and commissions including the Ministry of Finance of the PRC, specifically covering various material aspects including operational control, finance control, compliance control and risk management. Based on the assessment results, the Audit Committee of the Board prepared the draft 2021 assessment report on internal control which was approved on the twenty-fourth meeting of the ninth session of the Board. The 2021 assessment report on internal control of the Board concluded that no material and important internal control defect was found from the assessment, and therefore confirmed that the Company has fully complied with provisions of risk management and internal control set out in the CG Code in 2021, and confirmed that the existing risk management and internal control systems of the Company was in line with the relevant PRC laws and requirements of securities regulators, and it could effectively perform the role of controlling and preventing in areas of major enterprise risks, serious management fraud and important procedures. The Board and the Audit Committee considered that the Company has adequate resources, qualification and experience of employees in accounting and financial reporting, and that the relevant employees have received adequate trainings, and the Company has adequate budget. The Company handled and disseminated the inside information according to the information disclosure management system and the stipulated procedures to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made after obtaining the appropriate approval.

In 2021, the Company has performed its duties in accordance with the latest requirements of Hong Kong Listing Rules on risk management and internal control of listed companies. The Board considers that the risk management and internal control systems of the Group in 2021 was effective and adequate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

REMUNERATION AND APPRAISAL COMMITTEE

The Company has set up a Remuneration and Appraisal Committee. The Remuneration and Appraisal Committee is a specialised committee of the Board established under the resolution of the general meeting of the Company. It is responsible for studying the performance appraisal standards for the Directors and the senior management of the Company, performing appraisal and giving its advice. It is also responsible for research and review of the remuneration policy and scheme for the Directors and the senior management of the Company. The Remuneration and Appraisal Committee is accountable to the Board. It has reviewed the current remuneration policy and proposed to the Board to improve the remuneration policy and system. After each meeting, the Committee will report to the Board. None of the Directors shall participate in the determination of his/her own remuneration.

The primary terms of reference of the Remuneration and Appraisal Committee of the Board include:

- (1) to make recommendations to the Board on the remuneration's policy and developing procedure for Directors and senior management;
- (2) to review and approve the management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board;
- (3) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment;
- (4) to supervise the execution of the Company's remuneration system; and
- (5) to review duty performance by Directors and senior management and carry out performance appraisal of them.

The terms of reference of the Remuneration and Appraisal Committee are published on the Company's webpage: <http://www.hdpi.com.cn/>. During the reporting period, the Remuneration and Appraisal Committee was chaired by former independent non-executive Director Mr. Wang Dashu (ceased to be the chairman on 30 June 2021) and independent non-executive Director Mr. Wang Yueheng, and is comprised of members including non-executive Director Mr. Zhang Zhiqiang (serves as members on 27 January 2021) and Mr. Wang Xiaobo, former independent non-executive Director Mr. Zong Wenlong (ceased to be a member on 30 June 2021), independent non-executive Directors Mr. Li Xingchun and Mr. Li Menggang (served as members since 30 June 2021).

The Remuneration and Appraisal Committee held three meetings on 25 March, 30 June and 27 August 2021. All Directors who were members of the Committee were present at all of the meetings in person instead of by proxy. During the reporting period, the Remuneration and Appraisal Committee considered and approved the plans for review and payment of annual salaries of the general manager and other senior management members for 2020, the annual work report 2020 of the Remuneration and Appraisal Committee, the resolution on the plan for the annual salary for the general manager in 2021, the resolution on the election of the committee chairman, and the resolution on the formulation of a work plan for term limit and contract-based management of managers of the Company.

The Remuneration and Appraisal Committee reviewed and monitored the training and continuous professional development of Directors and senior management of the Company during the reporting period. The remuneration of the executive Directors, the General Manager and other senior management members of the Company were determined based on their calibre, education level and commitment to work with reference to the Company's results and profit, industry comparables and market conditions.

ANNUAL SALARY SCHEME FOR THE DIRECTORS IN 2021

In order to provide the necessary safeguard for the accomplishment of the strategic targets for the year 2021 and to ensure completion of the annual missions of the Board, the Company linked the annual salary scheme for the Directors with the annual operating performance of the Company with reference to the Company's actual circumstances.

ANNUAL SALARY SCHEME FOR THE GENERAL MANAGER IN 2021

In order to provide the necessary safeguard for the accomplishment of the strategic targets for the year 2021 and to ensure completion of the annual plans of the Company, the Company linked the annual salary scheme for the General Manager of the Company with the annual operating performance of the Company with reference to the Company's actual circumstances.

Based on the Company's development strategies, external environmental changes, annual performance results, salary level of employees and other factors, and with reference to the salary level of the listed peers and the Company's actual circumstances, the Remuneration and Appraisal Committee determined the annual salary plan for the Directors and General Manager of the Company in 2021 in line with principles such as integration of incentives and constraints, priority to efficiency while giving considerations to impartiality, and combination of material and ideological incentives, subject to the approval of the shareholders or Board before implementation of such plan.

MOTIVATION AND APPRAISAL METHODS FOR OTHER SENIOR MANAGEMENT IN 2021

In order to secure the accomplishment of the strategic targets in 2021 and to ensure completion of the annual missions of the Board, the Remuneration and Appraisal Committee formulated the motivation and assessment methods for other senior management members (including the Deputy General Managers, Chief Financial Officer and Secretary to the Board) of the Company in 2021 with reference to the Company's actual circumstances, and the annual salary scheme for the General Manager of the Company, and in line with the performance based and integration of incentives and constraints principles. The motivation and appraisal methods are carried out by the Remuneration and Appraisal Committee upon approval of the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

EMPLOYEE REMUNERATION POLICY FOR THE GROUP

As of 31 December 2021, the total number of employees of the Group amounted to 25,139. Consistently complying with State regulations, the Group determines the salary of the employees at various levels based on its economic benefits, and adheres to the concept of “identify talents through performance, select talents through competition and award talents through remuneration”, thus establishing the objective, impartial, scientific and effective remuneration distribution mechanism and performance appraisal mechanism for its employees.

ALLOWANCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In 2021, the Company paid each of the independent non-executive Directors, namely, Mr. Feng Zhenping and Mr. Li Xingchun, an independent Director’s allowance of RMB140,000; each of the independent non-executive Directors, namely, Mr. Li Menggang and Mr. Wang Yuesheng, an independent Director’s allowance of RMB70,000; each of the former independent non-executive Directors, namely, Mr. Wang Dashu and Mr. Zong Wenlong, an independent Director’s allowance of RMB70,000.

Remuneration (allowance) of Directors, Supervisors and senior management of the Company in 2021

Name	Position in the Company	Remuneration (allowance) (RMB’000)
Ding Huande	Chairman, Executive Director	4.5
Ni Shoumin	Vice Chairman, Non-executive Director	–
Peng Xingyu	Non-executive Director	–
Luo Xiaoqian	Executive Director, General Manager	85.29
Gou Wei	Former Non-executive Director	–
Hao Bin	Former Non-executive Director	–
Zhang Zhiqiang	Non-executive Director	–
Li Pengyun	Non-executive Director	–
Wang Xiaobo	Non-executive Director	–
Feng Rong	Executive Director, Chief Financial Officer	76.04
Feng Zhenping	Independent Non-executive Director	14
Li Xingchun	Independent Non-executive Director	14
Wang Dashu	Former Independent Non-executive Director	7
Zong Wenlong	Former Independent Non-executive Director	7
Li Menggang	Independent Non-executive Director	7
Wang Yuesheng	Independent Non-executive Director	7
Chen Wei	Chairman of the Supervisory Committee	–
Ma Jing’an	Supervisor	73.67
Zhang Peng	Employee Supervisor	69.95
Peng Guoquan	Vice General Manager	77.84
Chen Bin	Vice General Manager, General Legal Counsel	77.84
Song Jingshang	Chief Engineer	73.82
Wu Yuejie	Vice General Manager	73.67
Zhang Gelin	Current Company Secretary, Former Secretary to the Board	58.64

Note: Above remuneration (allowance) are all before individual income tax.

NOMINATION COMMITTEE

On 28 March 2012, the Company set up a Nomination Committee, which is a body specifically set up by the Board according to the resolution of the general meeting, and mainly responsible for making recommendations to the Board on the procedures, standards and qualifications of electing and appointing Directors and senior management of the Company.

In 2021, the Nomination Committee strictly implemented the nomination policy of the Company. The standards relating to the selection and recommendation of Director candidates include the Director’s appropriate professional knowledge and background, personal ethics, as well as their time commitment. In order to achieve sustainable and balanced development, the Company will take into account many aspects concerning the diversity of members of the Board, including but not limited to gender, age, cultural and educational background, race, professional expertise, skills, knowledge and terms of service, when determining the composition of the Board. Based on the Company’s existing business model and specific needs, the current composition of the Board satisfies the Board Diversity Policy in 2021.

CORPORATE GOVERNANCE REPORT (CONTINUED)

If the term of office of the Board expires or the Board proposes to add new Directors or to fill vacancies of the Board, the Nomination Committee of the Board shall recommend to the Board the candidates. Upon being considered and approved by the Board, relevant proposals will be submitted at the general meeting of the Company for approval. Other Director candidates other than the independent non-executive Director shall be nominated by the Board, the Supervisory Committee, shareholders individually or collectively holding over 3% of the total voting shares of the Company, and elected at the general meeting of the Company. The candidates for the independent non-executive Director shall be nominated by the Board, the Supervisory Committee of the Company, shareholders individually or collectively holding over 1% of the total voting shares of the Company, and elected at the general meeting of the Company.

The primary terms of reference of the Nomination Committee include:

- (1) to regularly review the structure, size and composition of the Board;
- (2) to consider the criteria and procedures for the selection of Directors and senior management and the appointment plan, and to provide recommendations on it;
- (3) to verify the personal information of all the candidates for election or re-election of the Company's Directors and senior management of the Company, and submit the verification result to the Board or the general meeting of the Company for reference;
- (4) in case of resignation or removal of a Director, to present the Board the reasons for such resignation or removal and other matters that need to be specified to shareholders of the Company; in case of resignation or removal of a senior management member, to present the Board the reasons for such resignation or removal;
- (5) to assess the independence of the independent non-executive Director; and
- (6) to formulate and review the standards for establishing the special committees under the Board and provide proposed amendments to the Board when appropriate.

During the reporting period, the Nomination Committee of the Company is chaired by independent non-executive Director Mr. Feng Zhenpin, and is comprised of members including executive Director Mr. Luo Xiaoqian, non-executive Director Mr. Wang Xiaobo, independent non-executive Directors Mr. Li Xingchun and Mr. Wang Yuesheng, and former independent non-executive Director Mr. Wang Dashu (ceased to be a member on 30 June 2021).

The Nomination Committee held three meetings on 27 January, 25 March and 28 May 2021, and all directors who were members of the committee were presented at the meetings in person instead of by proxy. During the reporting period, the Nomination Committee considered and approved the work report 2020 on the nomination of committee members, and the resolution on the nomination of Mr. Li Menggang and Mr. Wang Yuesheng as independent Director candidates to the Board of the Company and submitted them to the general meeting for consideration, and the Board for consideration and approval.

DIVIDEND DISTRIBUTION POLICY

The Company implements active profit distribution measures, gives priority to cash dividends and pays attention to the reasonable investment returns to the investors. The Company shall distribute cash dividends provided that the Company has no significant cash outlay required for its operation and development in the foreseeable future, that the net profit for the year is positive, that the accumulated and undistributed profit at the end of the year is positive, that the cash flow generated from operating activities is positive and that the Company's normal operation will not be affected. In the profit distribution, the cash dividends shall account for at least 40%.

On 28 May 2021, the Shareholders' Return Plan (2020-2022) was considered and approved at the 2020 third extraordinary general meeting by adhering to the principals of getting a reasonable return on investment for shareholders while maintaining the overall interest of all shareholders, the long-term prospect of the Company and reasonable capital needs, so as to implement a sustainable, stable and proactive profit distribution policy. In particular in 2020-2022, the profit distributed in cash by the Company in principle will not be less than 50% of the distributable profits achieved in the year as indicated in the consolidated statements, and the dividend per share will not be less than RMB0.2.

AUDITORS

At the annual general meeting held on 30 June 2021, the Company changed the domestic auditor from BDO China Shu Lun Pan Certified Public Accountants LLP (Special General Partnership) to Baker Tilly China Certified Public Accountants (Special General Partnership) and changed the international auditor from BDO Limited to Baker Tilly Hong Kong Limited in 2021. The respective term of service of Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited is proposed to commence from the date of the 2021 annual general meeting up to the date of next annual general meeting of the Company.

During the year ended 31 December 2021, the Company paid an aggregate of RMB8.20 million of audit service fees to its auditors, Baker Tilly China Certified Public Accountants (Special General Partnership) and Baker Tilly Hong Kong Limited, including fees for audit of internal control provided by Baker Tilly China Certified Public Accountants (Special General Partnership) to the Company. The audit service fees were considered by the Audit Committee and the Board and were approved at the annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

SHAREHOLDERS' RIGHTS

Shareholders individually or jointly holding 10% or more of the Company's shares may request the convening of an extraordinary general meeting by signing one or more counterpart requisition(s) in writing stating the meeting agenda and requiring the Board to convene the meeting. The Board shall give a reply in writing, as to whether or not it agrees to convene the meeting within 10 days after receiving the aforementioned requisition.

Shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposals at a general meeting of the Company. Shareholders individually or jointly holding 3% or more of the Company's shares may submit extraordinary proposals to the convener in writing 10 days prior to the general meeting. The convener shall issue a supplemental notice of the general meeting and announce the contents of such extraordinary proposals within 2 days after receipt thereof.

INVESTOR RELATIONS

The Company undertakes that it shall make impartial disclosure and full and transparent reporting. The ultimate duty of the Chairman is to ensure effective communication with the investors and the Board's understanding of the opinions of substantial shareholders. In this regard, the Chairman shall meet with the shareholders. The Secretary to the Board is responsible for the day-to-day contacts between the Board and substantial shareholders.

The previous annual general meeting of the Company was held in Beijing on 30 June 2021, at which the Chairman of the Board attended the meeting and answered questions. At the annual general meeting, each matter was put forward in form of a separate proposal and voted by way of poll.

The senior management of the Company shall preside over presentations and attend the meetings with institutional investors and financial analysts for intercommunication in respect of the Company's results and business prospects, which is a regular function of investor relations. Investors and the public may access the Company's website which also sets out the detailed information on the Company's businesses.

For any enquiry addressed to the Board, investors can contact the Board through shareholder hotlines (83567905) or by email (hdpi@hdpi.com.cn) or by fax (8610-83567963), and shareholders may raise questions at annual or extraordinary general meetings of the Company. The Company maintained smooth channels of communication with investors by reception of shareholders, roadshow and reverse roadshow activities, online communication via telephone and Internet, etc., to answer inquiries from investors in a timely and accurate manner. During the reporting period, the Company assessed and reviewed various communication channels and believed that the above policy was effectively implemented in 2021.

AMENDMENTS TO THE ARTICLES

Please refer to page 27 in this annual report for details of the amendments to the Articles of Association during the reporting period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND PERFORMANCE

The Company complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide and other relevant laws and regulations in 2021. The information relating to the environmental, social and governance policies and performance of the Company in 2021 is set out in the Environmental, Social and Governance Report of the Company.

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

Beijing, the PRC
 25 March 2022

As at the date of this report, the Board of the Company comprises:

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

CORPORATE INFORMATION

CORPORATE INFORMATION

Legal address	14800 Jingshi Road Jinan, Shandong Province The People's Republic of China
Authorised representatives	Ding Huande Zhang Gelin
Company Secretary	Zhang Gelin
Hong Kong share registrar and transfer office	Hong Kong Registrars Limited 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Auditors	Baker Tilly Hong Kong Limited Registered Public Interest Entity Auditors 2nd Floor, 625 King's Road, North Point, Hong Kong Baker Tilly China Certified Public Accountants (Special General Partnership) Building 12, Foreign Cultural and Creative Garden, No. 19 Chegongzhuang West Road, Haidian District, Beijing The People's Republic of China
Legal advisers to the Company as to Hong Kong law	Fangda Partners 26/F, One Exchange Square, 8 Connaught Place Central, Hong Kong PRC
as to PRC law	King & Wood Mallesons 18th Floor, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing The People's Republic of China

COMPANY PUBLICATIONS

The Company's 2021 annual report was published in April 2022. Copies of the annual report are available for inspection at:

PRC	Huadian Power International Corporation Limited No. 2 Xuanwumennei Street, Xicheng District, Beijing Tel: (8610) 8356-7888 Fax: (8610) 8356-7963
Hong Kong	Toppan Merrill Limited 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong Tel: (852)2973-8600 Fax: (852)2877-9978