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# 華潤電力控股有限公司

## China Resources Power Holdings Company Limited

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

**(Stock Code: 836)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The board of directors (the “Board”) of China Resources Power Holdings Company Limited (the “Company”) announces the audited financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020.

For year 2020, profit attributable to owners of the Company (“Net Profit”) amounted to HK\$7,583 million, representing an increase of HK\$993 million or 15.1% from Net Profit of HK\$6,590 million in 2019.

For year 2020, basic earnings per share amounted to HK\$1.58, representing an increase of 15.1% from basic earnings per share of HK\$1.37 in 2019.

In Renminbi (“RMB”) terms, Net Profit of the Company amounted to RMB6,774 million in 2020, representing an increase of RMB1,010 million or 17.5% from Net Profit of RMB5,764 million in 2019.

For year 2020, after excluding the effects of non-cash or non-recurring gains and losses such as foreign exchange gains and losses, one-off provision for socialisation expenses for retirees and asset impairment, core business profit attributable to shareholders of the Company (“Core Profit”) amounted to HK\$9,755 million, representing an increase of HK\$872 million or 9.8% from Core Profit of HK\$8,883 million in 2019.

In 2020, Net Profit contribution (before non-cash exchange gains and losses) from renewable energy business of the Company amounted to HK\$4,193 million (2019: HK\$ 2,917 million), while Net Profit contribution (before non-cash exchange gains and losses) from thermal power business amounted to HK\$4,182 million (2019: HK\$ 3,598 million). Net Profit contribution from renewable energy business accounted for approximately 50.1% (2019: 44.8%).

In 2020, Core Profit contribution from renewable energy business of the Company amounted to HK\$4,521 million (2019: HK\$2,916 million), while Core Profit contribution from thermal power business amounted to HK\$5,234 million (2019: HK\$5,967 million). Core Profit contribution from renewable energy business accounted for approximately 46.4% (2019: 32.8%).

During the year, the additional grid-connected attributable capacity of wind and photovoltaic power of the Group amounted to 4,447MW, of which additional grid-connected capacity of wind power and photovoltaic power was 4,168MW and 279MW respectively.

The Board has resolved to recommend a final dividend of HK\$0.406 per share for 2020. Including the interim dividend of HK\$0.225 per share paid in October 2020, total dividend for 2020 is HK\$0.631 per share, representing a dividend payout ratio of 40%.

	<b>For the year ended</b>			
	<b>31 December</b>			
	<b>2020</b>		<b>2019</b>	
Turnover ( <i>HK\$'000</i> )	69,550,811		67,757,632	
Profit attributable to owners of the Company ( <i>HK\$'000</i> )	7,582,668		6,590,345	
Basic earnings per share ( <i>HK\$</i> )	1.58		1.37	
Dividend per share ( <i>HK\$</i> )	0.631		0.548	
Dividend payout ratio	40%		40%	
	<b>HK\$'000</b>		<b>RMB'000</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Profit attributable to owners of the Company	7,582,668	6,590,345	6,773,917	5,763,812
Non-cash exchange losses (gains)	792,857	(75,754)	669,296	(66,653)
One-off provision for socialisation expenses for retirees	666,981	–	562,887	–
Asset impairment and asset disposal losses for shutdown of generation units	712,421	2,597,703	611,028	2,328,945
Reversal of deferred income tax liabilities due to the disposal of Shanxi coal assets	–	(228,895)	–	(203,633)
Core business profit attributable to owners of the Company	<u>9,754,927</u>	<u>8,883,399</u>	<u>8,617,128</u>	<u>7,822,471</u>

As at 31 December 2020, equity attributable to owners of the Company amounted to HK\$85,803 million, total assets of the Group amounted to HK\$259,632 million, cash and cash equivalents amounted to HK\$5,036 million, and net debt to shareholders' equity ratio was 119.9%.

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
Equity attributable to owners of the Company ( <i>HK\$'000</i> )	85,802,768	72,923,979
Total assets ( <i>HK\$'000</i> )	259,631,937	215,735,726
Cash and cash equivalents ( <i>HK\$'000</i> )	5,036,484	4,907,306
Pledged and restricted bank deposits ( <i>HK\$'000</i> )	300,087	425,503
Bank and other borrowings ( <i>HK\$'000</i> )	108,219,038	94,136,758
Net debt to shareholders' equity (%)	119.9	121.8
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	6.7	5.9

Note:

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

## **BUSINESS REVIEW FOR 2020**

### **Renewable energy development**

In 2020, the Group accelerated the development of renewable energy. The Group fully facilitated the construction and grid connection of approved projects, and actively developed and obtained new project reserves in the market. According to national regulations, approved wind power projects that are eligible for subsidised power tariffs must complete grid connection by the end of 2020, failing to do so, such projects will no longer be entitled to the power tariffs as specified in the approved documents. During the year, the Group fully promoted the construction and grid connection of its subsidy-eligible renewable energy projects (mostly wind power projects). In 2020, despite COVID-19 and challenges brought by the rushed installation of wind power projects, the attributable installed capacity of new grid-connected wind power and photovoltaic power hit a record high of 4,168MW and 279MW respectively, a total of 4,447MW. Attributable installed capacity of 1,108MW and 99MW of wind power and photovoltaic power were put into commercial operation in 2020. As the grid connection of the remaining 3,060MW of wind power projects and 180MW of photovoltaic power projects was close to the end of last year, these projects are expected to be commissioned in 2021.

As at the end of 2020, the Group obtained approvals or filed for 1,065MW of wind power projects and 5,631MW of photovoltaic projects, a total of 6,696MW. This will enable the Group to achieve sustainable growth in the future. The record high number of photovoltaic projects paved the future of the Group in accelerating the development of photovoltaic projects. Meanwhile, the Group proactively expanded onshore and offshore wind power projects around the country and a number of projects have commenced preliminary works.

In 2020, Core Profit contribution from renewable energy business amounted to HK\$4,521 million, accounting for approximately 46.4% of Core Profit of the Group. With the accelerated development and commissioning of renewable energy projects, profit contribution from renewable energy to the Group will increase substantially in the future.

In response to the increase in accumulated renewable energy subsidy receivables as a result of delayed renewable energy subsidy payments by the government, the Group issued asset-backed notes of RMB1.45 billion in respect of the renewable energy subsidies for the first time in 2020, with overall issue cost of 3.84%. Through the issuance, the Group has established a mechanism for asset securitisation in respect of renewable energy subsidy receivables, which will further help reduce the total amount of receivables and achieve early recovery of funds.

## **Generation capacity**

As at the end of 2020, the Group had a controlled generation capacity of 55,371MW and an attributable operational generation capacity of 43,365MW. The attributable operational generation capacity of our thermal power plants amounted to 32,127MW or 74.1%; wind, hydro and photovoltaic power generation capacity combined amounted to 11,238MW or 25.9%, representing an increase of 2.6 percentage points from the end of 2019.

The grid connection for certain wind and photovoltaic power projects was close to the end of last year and these projects will be put into commercial operation upon completion of trial operations within this year. The construction and grid connection for the above projects were completed by the end of 2020. Taking into account the attributable installed capacity of 3,240MW from the wind and photovoltaic power projects that have grid-connected by the end of 2020 but to be commissioned in 2021, the attributable generation capacity of grid-connected wind, hydro and photovoltaic power projects amounted to 31.1% at the end of 2020.

At the end of 2020, the Group's attributable operational wind power generation capacity amounted to 10,396MW, 3,060MW have grid-connected but not yet put into commercial operation and 1,119MW have commenced construction; attributable operational photovoltaic generation capacity reached 562MW, 180MW have grid-connected but not yet put into commercial operation and 2MW have commenced construction; attributable operational hydro-electric generation capacity was 280MW and 107MW under construction.

During the year, the Group newly commissioned a 1x1,000MW ultra-supercritical generation unit in Caofeidian (Phase II), Hebei, 51% owned; 2x350MW heat and power co-generation units in Yundong, Cangzhou, Hebei, 90% owned by the Group; and a 1x660MW heat and power co-generation unit in Jinzhou, Liaoning, 50% owned. Newly commissioned thermal power attributable generation capacity was 1,470MW. As at the end of 2020, the attributable capacity of coal-fired units under construction amounted to 2,528MW, including a 660MW heat and power co-generation unit in Jinzhou (Phase II), Liaoning, 50% owned; 2x660MW units in Xiantao Power Plant, Hubei, 100% owned; 2x350MW units in Ningwu Power Plant, Shanxi, 50% owned; 2x660MW units in Fuyang (Phase II), Anhui, 40% owned. The attributable capacity of natural gas distributed energy projects under construction amounted to 234MW units.

## **COVID-19**

When COVID-19 broke out in late January 2020, while ensuring the safety of employees, the Group made every effort to ensure power supply. Our Hubei Puqi Power Plant served as a supporting point for power supply in Hubei and certain regions in Wuhan, to support Hubei in combating the epidemic. The Company has adopted various measures to ensure the safety of employees in various offices, construction and operational projects, and has actively assisted cities where the Company's operations are located to fight the epidemic. So far, none of the employees of the Group has been infected. As the wind power projects that are eligible for power tariff subsidies must complete grid connection by the end of 2020, construction and production work of the Group was fully resumed in March 2020. Provided that the safety of employees and construction workers was secured, the Group made full efforts in accomplishing the construction work of wind farms and photovoltaic power stations.

## **Gross and net generation volume**

In 2020, net generation volume of the subsidiary power plants amounted to 154,944GWh, up by 3.9% from 2019. Net generation volume of wind and photovoltaic power stations increased by 21.6% and 7.5% respectively from 2019. Net generation volume of subsidiary thermal power plants increased by 1.8%.

Average full-load equivalent utilisation hours of wind farms which were operational throughout the year was 2,236 hours, an increase of 36 hours or 1.6% as compared to 2019, exceeding the national average utilisation hours for wind power generation units by 163 hours.

Average full-load equivalent utilisation hours of subsidiary coal-fired power plants which were operational throughout the year was 4,489 hours, a decrease of 246 hours or 5.2% as compared to 2019, exceeding the national average utilisation hours for thermal power plants by 273 hours.

In 2020, net generation volume of our consolidated power plants that followed market-based pricing accounted for 67.9%, and that participated in direct power supply (including bilateral long-term agreements and on-grid competitive bidding) accounted for 56.9%. Average tariff (exclusive of tax) of the direct power supply volumes was at a discount of 7.4% as compared with the average benchmark on-grid tariff, further narrowing as compared to that in 2019.

## **Heat supply operation**

As at the end of 2020, 94% of the thermal power projects of the Group have expanded into the heating market, and commenced heat supply operations to residential, industrial and commercial customers, covering a total of 175 million square meters in 16 cities across China. The Group provided steaming to 441 industrial and commercial customers. In 2020, turnover from heat supply operations amounted to HK\$5,626 million, representing an increase of 9.4% from last year.

## **Fuel costs**

Average unit fuel cost of the subsidiary coal-fired power plants was RMB190.7 per MWh, representing a decrease of 6.4% as compared to 2019. Average unit cost of standard coal was RMB640.7 per tonne, representing a decrease of 5.8% as compared to 2019.

Average net generation standard coal consumption rate of the subsidiary coal-fired power plants was 296.0g per kWh, representing a decrease of 0.6g or 0.2% from 296.6g per kWh in 2019.

## **Capital expenditure**

In 2020, cash capital expenditure of the Group amounted to approximately HK\$31,279 million, of which HK\$24,972 million was used in the construction of wind, photovoltaic and hydro-electric power plants, approximately HK\$3,588 million was used in the construction of thermal power units, HK\$1,249 million was used in the technological upgrades of operating coal-fired power units, approximately HK\$1,260 million was used in the construction of coal mines, and approximately HK\$210 million was used in the construction of comprehensive energy services projects.

## **FUTURE PROSPECTS**

### **Rapid development of renewable energy**

The Group will continue to make every effort to accelerate the development and construction of wind and photovoltaic projects. In the coming five years (i.e. the 14th Five Year Plan period), the Group aims to increase its installed capacity of renewable energy by 40GW. It is expected that the mix of installed capacity of renewable energy will exceed 50% by the end of the 14th Five Year Plan period (i.e. the end of 2025).

The grid connection target for wind and photovoltaic projects of the Group for 2021 is expected to be 2,510MW. The 3,240MW of wind and photovoltaic projects that have grid-connected but not yet put into commercial operations last year, the generation capacity that commenced construction at the end of last year and the construction projects for this year will all continue to promote the rapid increase in installed capacity of renewable energy of the Group.

### **Striving to reduce carbon emission**

Based on current estimates, the Group's carbon emissions will peak in 2025. The path for the Group to control and lower its carbon emissions includes: proactive development of renewable energy; strict control over new coal-fired power generation units; reduction of coal consumption through increasing heat supply, biomass coupling and technological transformations; active piloting of carbon capture, utilisation and storage ("CCUS") technologies.

The Group has been actively piloting CCUS technologies. The Group established Asia's first multi-threaded, multi-technology carbon capture testing platform, which is based on the ultra-supercritical coal-fired power generation units in Haifeng Power Plant. The Group will continue to explore the application of carbon capture technologies in the power industry.

The Group's thermal power plants will continue to explore the application and promotion of biomass coupling technology to proactively treat industrial and environmental waste in the community. As at the end of 2020, 14 of our coal-fired power plants have adopted waste incineration. For example, Haifeng Power Plant conducts sludge treatment for Shenzhen, which is the largest sludge coupling incineration comprehensive treatment in the world. The project covers an area of 20,000 square meters, with daily incineration capacity of 6,000 tonnes (80% water content). This can eliminate pollutants more thoroughly and convert energy more effectively. The Group will further promote the waste treatment capabilities of its coal-fired power plants.

In 2021, the Group expects to commission an attributable capacity of 515MW of thermal power generation units, including: a 660MW ultra-supercritical heat and power co-generation unit in Jinzhou (Phase II), Liaoning, 50% owned; a 83MW gas-fired distributed generation unit in Taixing, Jiangsu, 100% owned; and a 102MW gas-fired distributed generation unit in Zhuhai, Guangdong, 100% owned.



## **Actively exploring new businesses**

The Group has constructed 8 energy storage projects, with a total energy storage capacity of 742MW, mainly to serve the requirement of the power grid.

The Group has implemented a series of energy conservation services and distributed energy projects, leveraging on the diversified advantages of China Resources Group, and collaborating with its sister companies to actively explore distributed energy, energy reduction and energy efficiency improvement in the comprehensive energy business of chemical plants, cement plants, logistics centers and commercial buildings. The Group will further promote the exploration and development of new businesses.

In 2021, the cash capital expenditure is expected to be approximately HK\$30.00 billion, including approximately HK\$23.20 billion for the construction of wind and photovoltaic power projects, approximately HK\$4.50 billion for the construction of thermal power units (including coal-fired and gas-fired power generation units), approximately HK\$1.74 billion for technological upgrades of operational coal-fired power generation units, and approximately HK\$0.56 billion for the construction of coal mines.

The development of the power industry is closely related to the national macro-economy, and is influenced by government policies. The Group will make timely and necessary responses and adjustments in business implementation based on the supply and demand situation of the domestic power market and national policies.

## OPERATING RESULTS

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Turnover	<u>69,550,811</u>	<u>67,757,632</u>
Operating expenses		
Fuels	(32,494,062)	(33,317,542)
Depreciation and amortisation	(11,712,737)	(10,631,129)
Employee benefit expenses	(6,000,882)	(5,190,039)
Repairs and maintenance	(2,118,862)	(1,954,437)
Consumables	(1,043,317)	(1,035,835)
Impairment charges	(599,893)	(2,284,134)
Tax and surcharges	(700,722)	(765,388)
Others	<u>(2,157,142)</u>	<u>(2,684,470)</u>
Total operating expenses	<u>(56,827,617)</u>	<u>(57,862,974)</u>
Other income	2,460,379	2,851,010
Other gains and losses	<u>(1,090,381)</u>	<u>142,790</u>
Operating profit	14,093,192	12,888,458
Finance costs	(3,422,294)	(3,786,511)
Share of results of associates	555,373	192,537
Share of results of joint ventures	<u>244,058</u>	<u>358,532</u>
Profit before income tax	11,470,329	9,653,016
Income tax expense	<u>(2,793,994)</u>	<u>(2,311,622)</u>
Profit for the year	<u><u>8,676,335</u></u>	<u><u>7,341,394</u></u>
Profit for the year attributable to:		
Owners of the Company	7,582,668	6,590,345
Perpetual capital securities holders	235,327	–
Other non-controlling interests	<u>858,340</u>	<u>751,049</u>
	<u><u>8,676,335</u></u>	<u><u>7,341,394</u></u>
Basic earnings per share attributable to owners of the Company during the year	<u><u>HK\$1.58</u></u>	<u><u>HK\$1.37</u></u>



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year	<u>8,676,335</u>	<u>7,341,394</u>
Other comprehensive income (loss):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	8,107,285	(2,271,465)
Share of other comprehensive income of investments accounted for using the equity method	98,262	(131,779)
Release to profit or loss in relation to disposal of subsidiaries	2,401	(15,146)
Release to profit or loss in relation to disposal of associates	(20,639)	17,401
<i>Items that will not be reclassified to profit or loss</i>		
Fair value changes on equity investments at fair value through other comprehensive income, net of tax	<u>463,959</u>	<u>30,590</u>
Other comprehensive income (loss) for the year, net of tax	<u>8,651,268</u>	<u>(2,370,399)</u>
Total comprehensive income for the year, net of tax	<u>17,327,603</u>	<u>4,970,995</u>
Attributable to:		
Owners of the Company	15,641,711	4,432,883
Perpetual capital securities holders	235,327	16,050
Other non-controlling interests	<u>1,450,565</u>	<u>522,062</u>
Total comprehensive income for the year, net of tax	<u>17,327,603</u>	<u>4,970,995</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2020**

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	180,816,825	150,581,102
Right-of-use assets	5,703,539	5,377,588
Goodwill	745,354	773,405
Mining rights	4,464,641	320,628
Exploration and resources rights	161,205	151,462
Deferred tax assets	861,407	744,390
Other receivables and prepayments	9,541,081	11,937,592
Interests in associates	8,203,530	8,833,069
Interests in joint ventures	5,778,918	5,158,844
Financial assets at fair value through other comprehensive income (FVOCI)	2,383,337	1,934,571
Loans to a FVOCI investee company	319,223	339,633
Loans to a non-controlling shareholder	14,852	13,954
	<u>218,993,912</u>	<u>186,166,238</u>
Current assets		
Inventories	2,911,509	3,171,932
Trade receivables, other receivables and prepayments	31,428,420	20,395,018
Loans to associates	220,772	32,821
Loans to joint ventures	300,080	415,059
Loans to a FVOCI investee company	131,519	83,867
Amounts due from associates	120,076	27,348
Amounts due from joint ventures	62,837	21,141
Amounts due from other related companies	126,241	89,493
Pledged and restricted bank deposits	300,087	425,503
Cash and cash equivalents	5,036,484	4,907,306
	<u>40,638,025</u>	<u>29,569,488</u>
<b>Total assets</b>	<u><u>259,631,937</u></u>	<u><u>215,735,726</u></u>

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>EQUITY AND LIABILITIES</b>		
Capital and reserves		
Share capital	22,316,710	22,316,710
Other reserves	16,906,139	8,225,686
Retained earnings	46,579,919	42,381,583
	<u>85,802,768</u>	<u>72,923,979</u>
Equity attributable to owners of the Company		
Perpetual capital securities holders	10,827,061	5,581,750
Other non-controlling interests	9,320,463	8,210,284
	<u>105,950,292</u>	<u>86,716,013</u>
<b>LIABILITIES</b>		
Non-current liabilities		
Borrowings	82,109,487	68,763,429
Contract liabilities	421,748	432,157
Lease liabilities	892,045	826,903
Deferred tax liabilities	608,780	480,933
Deferred income	978,306	740,073
Retirement and other long-term employee benefits obligations	887,433	115,002
Other long-term payable	2,718,914	–
	<u>88,616,713</u>	<u>71,358,497</u>
Current liabilities		
Trade payables, other payables and accruals	33,586,853	28,719,884
Contract liabilities	1,720,182	1,309,434
Lease liabilities	183,165	210,811
Amounts due to associates	1,115,631	468,532
Amounts due to joint ventures	683,231	140,549
Amounts due to other related companies	6,458,016	6,747,540
Tax liabilities	1,160,066	924,147
Borrowings	20,157,788	19,140,319
	<u>65,064,932</u>	<u>57,661,216</u>
<b>Total liabilities</b>	<u><u>153,681,645</u></u>	<u><u>129,019,713</u></u>
<b>Total equity and liabilities</b>	<u><u>259,631,937</u></u>	<u><u>215,735,726</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2020**

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit before income tax	11,470,329	9,653,016
Adjustments for:		
Depreciation and amortisation	11,712,737	10,631,129
Impairment charges	599,893	2,284,134
Exchange losses (gains)	878,392	(69,775)
Interest expense	3,422,294	3,786,511
Interest income	(348,549)	(367,750)
Share of results of associates	(555,373)	(192,537)
Share of results of joint ventures	(244,058)	(358,532)
Dividends income from FVOCI investee companies	(125,760)	(386,627)
Losses (gains) on disposal of property, plant and equipment	215,224	(621)
Gains on disposal of right-of-use assets	(27,582)	(17,024)
Gains on disposal of subsidiaries	(1,736)	(41,614)
Gains on disposal of associates	(4,891)	(33,054)
Changes in working capital:		
Decrease in inventories	482,099	60,348
Increase in trade receivables, other receivables and prepayments	(6,261,275)	(3,032,421)
Increase in trade payables, other payables and accruals	1,511,050	577,629
Increase in retirement and other long-term employee benefits obligations	772,441	58,273
Income tax paid	(2,792,962)	(2,043,506)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>20,702,273</u></b>	<b><u>20,507,579</u></b>

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>		
Dividends received from associates and joint ventures	1,055,217	1,605,309
Dividends received from subsidiaries disposed of in prior years	264,888	–
Dividends received from FVOCI investee companies	246,645	241,264
Interests received	36,705	310,682
Acquisition of property, plant and equipment, mining rights and right-of-use assets	(30,528,698)	(22,541,915)
Proceeds from disposal of property, plant and equipment and right-of-use assets	204,597	88,683
Proceeds from disposal of subsidiaries	–	1,381,584
Proceeds from disposal of associates	583,786	430,398
Proceeds from disposal of a FVOCI investment	349,147	–
Loans to associates	(182,591)	–
Loans repaid by associates	–	11,157
Loans repaid by joint ventures	256,398	4,095
Loans to joint ventures	(117,695)	(370,602)
Loans to other related parties	(8,745)	(221,556)
Loans repaid by other related parties	–	258,938
Additional investment made into FVOCI	(74,495)	(24,757)
Capital contributions into associates	(73,259)	(167,954)
Capital contributions into joint ventures	(652,590)	(2,444,245)
Government grants related to assets	16,501	43,472
	<u>(28,624,189)</u>	<u>(21,395,447)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	42,912,951	34,881,749
Repayment of bank borrowings	(33,589,910)	(41,838,193)
Proceeds from issuance of perpetual capital securities	5,257,010	5,565,700
Proceeds from issuance of corporate bonds and notes	2,274,560	5,519,772
Redemption of corporate bonds and notes	(2,568,454)	(5,612,090)
Advances from an intermediate holding company	2,464,380	6,238,035
Repayment of advance from an intermediate holdings company	(2,783,279)	–
Proceeds from disposal of interests in subsidiaries without loss of control	110,722	1,383,919
Capital contributions by non-controlling interests	173,103	262,601
Capital reductions by non-controlling interests	–	(121,526)
Advances from (repayment of advances from) associates	607,147	(850,466)
Advances from (repayment of advances from) joint ventures	469,660	(481,878)
Repayment of advances to other related companies	(97,749)	(107,452)
Repayment of advances to non-controlling interests of subsidiaries	–	(20,978)
Principal elements of lease payments	(168,307)	(99,981)
Interests paid	(3,975,038)	(4,230,420)
Dividends paid to owners of the Company	(2,755,790)	(1,938,011)
Dividends paid to non-controlling interests of subsidiaries	(589,773)	(635,294)
Interests paid to perpetual capital securities holders	(235,327)	–
Underwriting fees for issuance of perpetual capital securities	(11,059)	–
	<hr/>	<hr/>
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>7,494,847</b>	<b>(2,084,513)</b>
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(427,069)</b>	<b>(2,972,381)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>4,907,306</b>	<b>7,977,153</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>556,247</b>	<b>(97,466)</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>5,036,484</b>	<b>4,907,306</b>
	<hr/> <hr/>	<hr/> <hr/>



## Changes in accounting standards

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

Other than additional accounting policies as resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

### (a) New and amended standards adopted by the Group, effective for financial years beginning on or after 1 January 2020:

In the current reporting period, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current reporting period has had no material impact on the Group’s financial positions and performance for the current year and prior year and/or on the disclosures set out in these consolidated financial statements.

#### **Impacts of application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”**

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current reporting period had no impact on the consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ended 31 December 2020.

**(b) The Group has not early adopted new and amended standards that have been issued but are not effective for the financial year beginning after 1 January 2020**

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 31 December 2020 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**TURNOVER AND SEGMENT INFORMATION**

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

	HK\$'000		RMB'000	
	2020	2019	2020	2019
Sales of electricity	63,924,735	62,613,522	56,664,494	55,071,248
Including: Sales of power generated from thermal power plants	51,446,200	52,019,375	45,608,809	45,743,172
Sales of power generated from renewable energy	12,478,535	10,594,147	11,055,685	9,328,076
Heat supply	5,626,076	5,144,110	4,955,868	4,588,897
	<u>69,550,811</u>	<u>67,757,632</u>	<u>61,620,362</u>	<u>59,660,145</u>

The Group's turnover for 2020 was HK\$69,551 million, representing an increase of HK\$1,793 million or 2.6% from HK\$67,758 million in 2019. In RMB terms, the turnover for 2020 was RMB61,620 million, representing an increase of RMB1,960 million or 3.3% from RMB59,660 million in 2019. The increase was mainly attributable to (1) a year-on-year increase of 3.9% in net generation volume of subsidiary power plants; and (2) a year-on-year increase of 10.8% in heat sales volume of subsidiary power plants.

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

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

**For the year ended 31 December 2020**

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

**For the year ended 31 December 2019**

	<b>Thermal power HK\$'000</b>	<b>Renewable energy HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue			
External sales	<u>57,163,485</u>	<u>10,594,147</u>	<u>67,757,632</u>
Segment profit	<u>5,031,751</u>	<u>4,551,490</u>	9,583,241
Exchange gains			<u>69,775</u>
Profit before income tax			<u><u>9,653,016</u></u>
Profit attributable to owners of the Company (before non-cash exchange gains and losses)	3,597,835	2,916,756	6,514,591
Asset impairment and asset disposal losses for shutdown of generation units	2,597,703	–	2,597,703
Reversal of deferred income tax liabilities due to the disposal of Shanxi coal assets	<u>(228,895)</u>	<u>–</u>	<u>(228,895)</u>
Core business profit attributable to owners of the Company	<u><u>5,966,643</u></u>	<u><u>2,916,756</u></u>	<u><u>8,883,399</u></u>

**Geographical information**

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

## Operating expenses

Operating expenses mainly comprise fuels, depreciation and amortisation, employee benefit expenses, repairs and maintenance, consumables, impairment charges, tax and surcharges and other operating expenses. Other operating expenses include office rent, water charges, utility expenses and other management expenses. Operating expenses for 2020 amounted to HK\$56,828 million, representing a decrease of HK\$1,035 million or 1.8% from HK\$57,863 million in 2019.

Fuels decreased from HK\$33,318 million for 2019 to HK\$32,494 million for 2020, representing a decrease of HK\$824 million or 2.5%, mainly due to (1) decrease in the unit price of standard coal by 5.8% year-on-year; and (2) decrease in net generation standard coal consumption rate by 0.2% year-on-year, slightly offset by the increase in net generation volume of coal-fired power plants by 1.8% year-on-year.

Depreciation and amortisation increased from HK\$10,631 million for 2019 to HK\$11,713 million for 2020, representing an increase of HK\$1,082 million or 10.2%, mainly due to the commissioning of coal-fired power generation units in Caofeidian (Phase II), Xilingol and Yundong and the commissioning of many wind power projects.

Employee benefit expenses increased from HK\$5,190 million for 2019 to HK\$6,001 million for 2020, representing an increase from HK\$811 million or 15.6%, mainly due to (1) the one-off provision for socialisation expenses for retirees of subsidiaries of HK\$626 million (according to national regulations, the retirees of state enterprises shall be brought into socialisation management); and (2) the employee dismissal benefits provided for the coal business of Tianneng of HK\$197 million.

Repairs and maintenance expenses increased from HK\$1,954 million for 2019 to HK\$2,119 million for 2020, representing an increase of HK\$165 million or 8.4%, mainly due to the commissioning of new power units, the increase in repairs and maintenance works arising from the growth of installed capacity, as well as the scheduled check for power units in subsidiary thermal power plants.

Consumables increased by HK\$7 million or 0.7% from HK\$1,036 million for 2019 to HK\$1,043 million for 2020, mainly due to the commissioning of new power units and the slight increase in material consumption arising from the growth of installed capacity.

Impairment charges decreased by HK\$1,684 million from HK\$2,284 million for 2019 to HK\$600 million for 2020. The amount mainly included the impairment provision for goodwill of Yangzhou No. 2 Power Generation Co., Ltd. in 2020, and the asset impairment provision for wind power projects that withdrew or had not completed grid-connection at the end of the year.

Tax and surcharges decreased by HK\$64 million or 8.4% from HK\$765 million for 2019 to HK\$701 million for 2020, which was mainly due to (1) energy-saving from technical transformation resulting in a decrease in environmental tax and resource tax payable; and (2) a decrease in urban maintenance and construction tax and education surcharge payable as a result of adjustment in the rate of value-added tax.

Other operating expenses decreased by HK\$527 million or 19.6% from HK\$2,684 million for 2019 to HK\$2,157 million for 2020. In 2020, other operating expenses mainly include other production costs of the power business such as water charges and utility expenses amounting to HK\$1,611 million, office rents, building management fees, professional fees, administrative charges and other administrative costs amounting to HK\$546 million.

## Other income

Other income amounted to approximately HK\$2,460 million for 2020, representing a decrease of HK\$391 million or 13.7% from HK\$2,851 million for 2019, which was mainly attributable to the decrease in dividend income and income from government subsidies. Other income for 2020 mainly included sales of by-products of HK\$1,113 million, government grant of HK\$529 million, interest income of HK\$349 million, and income from service fees of HK\$316 million.

## Other gains and losses

Other gains and losses for 2020 amounted to HK\$1,090 million, comprising exchange losses of HK\$878 million and losses on disposal of property, plant and equipment of HK\$215 million. Exchange losses mainly arises from RMB loans obtained by the Company in Hong Kong. Although cash flows are in line with the income of the Group, the appreciation of the exchange rate of RMB against HKD has resulted in book loss in the financial statements denominated in HKD.

## Operating profit

Operating profit represents profit from subsidiaries before deduction of finance costs, income tax expenses and non-controlling interests. Operating profit for 2020 amounted to HK\$14,093 million, representing an increase of HK\$1,205 million or 9.3% from HK\$12,888 million for 2019. The increase was mainly due to (1) a decrease in average unit fuel cost of subsidiary coal-fired power plants of the Group; (2) a decrease in asset impairment charges; and (3) profit contribution of newly commissioned wind farms; such increase was partially offset by (1) book exchange losses; (2) increase in depreciation and amortisation; and (3) the one-off provision for socialisation expenses for retirees of subsidiaries.

## Finance costs

Finance costs for 2020 amounted to HK\$3,422 million, representing a decrease of HK\$365 million or 9.6% from HK\$3,787 million in 2019, mainly due to the decrease in average borrowing interest rate.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on borrowings	3,567,921	3,727,120
Interests on corporate bonds and notes	412,389	558,382
Interests on loans from related parties	145,560	75,196
Interests on lease liabilities	49,801	18,801
Others	54,824	89,896
	<u>4,230,495</u>	<u>4,469,395</u>
Less: Interest capitalised in construction in progress	<u>(808,201)</u>	<u>(682,884)</u>
	<u><u>3,422,294</u></u>	<u><u>3,786,511</u></u>



## Share of results of associates

Share of results of associates for 2020 amounted to HK\$555 million, representing an increase of HK\$362 or 188.5% from HK\$193 million for 2019, mainly due to impairment provisions made for associate coal mine assets in 2019.

## Share of results of joint ventures

Share of results of joint ventures for 2020 amounted to HK\$244 million, representing a decrease of HK\$115 million or 31.9% from HK\$359 million for 2019, mainly due to a decrease in power tariff of Hezhou Power Plant in Guangxi, resulting in a decrease in earnings.

## Income tax expenses

Income tax expenses for 2020 amounted to HK\$2,794 million, representing an increase of HK\$482 million or 20.9% from HK\$2,312 million for 2019, mainly due to (1) the increases in income tax expenses for the period as a result of profit increase of subsidiary coal-fired power plants; and (2) the reversal of deferred income tax liabilities in 2019 due to the disposal of Shanxi coal assets.

Details of the income tax expenses for the years ended 31 December 2020 and 2019 are set out below:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Current income tax - PRC Enterprise Income Tax	2,932,795	2,490,361
Deferred income tax	<u>(138,801)</u>	<u>(178,739)</u>
	<u><u>2,793,994</u></u>	<u><u>2,311,622</u></u>

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

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

## Operating profit for the year

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Operating profit for the year has been arrived after deducting the following items:		
Directors' remuneration		
– Fees	1,880	1,832
– Salaries and bonus	8,203	12,159
– Pension costs	357	156
	<u>10,440</u>	<u>14,147</u>
Wages, salaries and bonus	4,653,186	4,309,302
Pension costs – retirement benefit schemes	1,129,882	726,724
Termination benefit costs	207,374	139,866
	<u>6,000,882</u>	<u>5,190,039</u>
Auditor's remuneration	13,216	13,393
Cost of inventories recognised as expenses	33,538,099	34,361,165
Depreciation and amortisation	11,712,737	10,631,129
Impairment charges	599,893	2,284,134
	<u>46,973,841</u>	<u>47,469,666</u>
And after adding the following items:		
Dividend income from FVOCI investee companies	125,760	386,627
Government grant	529,191	674,894
Interest income	348,549	367,750
Sales of scrap materials and by-product	1,113,151	1,003,276
Service income from heat connection contracts	–	83,282
Net foreign exchange (losses)/gains (included in other gains and losses)	(878,392)	69,775
Gains on disposal of subsidiaries	1,736	41,614
Gains on disposal of associates	4,891	33,054
(Losses) gains on disposal of property, plant and equipment (included in other gains and losses)	(215,224)	621
Gains on disposal of right-of-use assets (included in other gains and losses)	27,582	17,024
	<u>1,023,143</u>	<u>1,539,947</u>
Expenses capitalised in construction in progress:		
Other staff costs	547,703	535,161
Pension costs	28,211	61,619
Depreciation and amortisation	140,324	120,515
	<u>716,238</u>	<u>717,295</u>

## Profit attributable to owners of the Company

As a result of the above, profit attributable to owners of the Company increased from approximately HK\$6,590 million in 2019 to approximately HK\$7,583 million in 2020, representing a year-on-year increase of 15.1%.

## Earnings per share

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

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Profit attributable to owners of the Company	<u>7,582,668</u>	<u>6,590,345</u>
	<b>Number of ordinary shares</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares in issue	<u>4,810,443,740</u>	<u>4,810,443,740</u>
	<b>2020</b> <i>HK\$</i>	<b>2019</b> <i>HK\$</i>
Basic earnings per share	<u>1.58</u>	<u>1.37</u>

## Final dividend and closure of register of members

The Board has resolved to recommend a final dividend of HK\$0.406 per share for 2020 (2019: HK\$0.348 per share).

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Dividends distributed during the year:		
2020 Interim, paid-HK\$0.225 per share (2019: HK\$0.20 per share)	1,082,350	962,089
2019 Final, paid-HK\$0.348 per share (2018: HK\$0.203 per share)	<u>1,674,034</u>	<u>976,520</u>
	<u>2,756,384</u>	<u>1,938,609</u>
Dividend proposed after the end of the reporting year:		
Proposed final dividend for 2020 of HK\$0.406 (2019: HK\$0.348) per share	<u>1,950,717</u>	<u>1,674,034</u>

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 7 June 2021 (the “AGM”), the proposed final dividend will be distributed on Friday, 9 July 2021 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 18 June 2021.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 2 June 2021 to Monday, 7 June 2021 (both days inclusive), during which no share transfer will be registered. In order to be eligible to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 1 June 2021.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2020, the register of members of the Company will be closed on Friday, 18 June 2021 and no share transfer will be registered on that day. To qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 17 June 2021.

### **Capital structure management**

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

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

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

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

At 31 December 2020, the Group had net current liabilities of HK\$24,427 million. The Directors are of the opinion that, taking into account the current operating and business plan of the Group as well as the banking facilities available to the Group, the Group has sufficient working capital to enable it to meet in full its financial obligations as and when they fall due for the coming twelve months from the balance sheet date. Therefore, the consolidated financial statements have been prepared on a going concern basis.

The cash and cash equivalents as at 31 December 2020 denominated in HKD, RMB and other foreign currencies amounted to HK\$117 million, RMB3,792 million and US\$53 million, respectively.

Bank and other borrowings of the Group as at 31 December 2020 and 2019 are as follows:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Secured bank loans	2,691,834	2,996,099
Unsecured bank loans	85,555,153	71,416,559
Corporate bonds	14,020,288	13,491,090
Loans from related parties	5,951,763	6,233,010
	<u>108,219,038</u>	<u>94,136,758</u>

The bank borrowings were repayable as follows:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Within 1 year	14,216,988	16,589,459
Between 1 and 2 years	5,588,716	5,239,624
Between 2 and 5 years	35,615,084	29,806,039
Over 5 years	32,826,199	22,777,536
	<u>88,246,987</u>	<u>74,412,658</u>

The corporate bonds and notes were repayable as follows:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
Within 1 year	5,940,800	2,550,860
Between 1 and 2 years	5,703,168	5,581,750
Between 2 and 5 years	2,376,320	5,358,480
	<u>14,020,288</u>	<u>13,491,090</u>

The above bank and other borrowings are secured by:

Pledge of assets	<u>2,141,512</u>	<u>2,106,542</u>
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*Note:* Certain bank loans were secured by the Group's buildings, power generating plants and equipment with carrying value of HK\$797,395,000 (2019: HK\$941,449,000) and HK\$1,344,117,000 (2019: HK\$1,165,093,000), respectively.

Bank and other borrowings as at 31 December 2020 denominated in HKD, RMB and other foreign currencies amounted to HK\$23,848 million, RMB69,764 million, GBP136 million, USD3.61 million and EUR1.39 million, respectively.

As at 31 December 2020, bank and other borrowings of HK\$23,848 million, GBP136 million and USD3.61 million (2019: HK\$21,888 million, GBP150 million and USD6.73 million) bore interest at a range from HIBOR plus 0.60% to HIBOR plus 1.03% per annum, LIBOR plus 0.89% to LIBOR plus 0.98% per annum and 2.20% per annum, respectively. The remaining bank and other borrowings carried interest rates at a range from 1.85% to 4.90% (2019: 2.35% to 4.90%) per annum.

As at 31 December 2020, the ratio of the Group's net debt to shareholders' equity was 119.9%, and total debt to total capitalisation was 50.5%. In the opinion of the Directors, the Group has a stable capital structure, which can support its future development plans and operations.

In 2020, the Group's primary sources of funding included new bank borrowings, dividend income, issuance of corporate bonds and notes, issuance of perpetual capital securities and net cash inflow from operating activities, which amounted to HK\$42,913 million, HK\$1,567 million, HK\$2,275 million, HK\$5,257 million and HK\$20,702 million, respectively. The Group's funds were primarily used for the repayment of bank borrowings, redemption of corporate bonds and notes, acquisition of property, plant and equipment and right-of-use assets, interest and dividend payments, which amounted to HK\$33,590 million, HK\$2,568 million, HK\$30,529 million, HK\$3,975 million and HK\$3,346 million, respectively.

### Trade receivables

	<b>2020</b>	<b>2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from contracts with customers		
Accounts receivable	19,435,085	14,218,995
Notes receivable	1,002,828	474,376
	<u>20,437,913</u>	<u>14,693,371</u>
Less: loss allowance for trade receivables	(75,095)	(78,187)
	<u><u>20,362,818</u></u>	<u><u>14,615,184</u></u>

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



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

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
0-30 days	8,990,210	6,426,672
31-60 days	1,106,344	604,875
Over 60 days	<u>10,341,359</u>	<u>7,661,824</u>
	<u><u>20,437,913</u></u>	<u><u>14,693,371</u></u>

### Trade payables

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

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
0-30 days	4,092,339	3,406,975
31-90 days	3,392,367	2,077,496
Over 90 days	<u>1,643,035</u>	<u>3,505,208</u>
	<u><u>9,127,741</u></u>	<u><u>8,989,679</u></u>

Average credit term for purchase of goods is 90 days.

### Key financial ratios of the Group

	<b>2020</b>	<b>2019</b>
Current ratio ( <i>times</i> )	0.62	0.51
Quick ratio ( <i>times</i> )	0.58	0.46
Net debt to shareholders' equity ratio (%)	119.9	121.8
EBITDA interest coverage ( <i>times</i> ) <sup>(1)</sup>	6.7	5.9

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

*Note:*

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

### **Foreign exchange risk**

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

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

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

In addition, given there are different functional currencies within the Group, there is still foreign exchange risk which arises from the transactions and balances within the Group even after intra-group eliminations. The carrying amounts of foreign currency denominated monetary assets and monetary liabilities before elimination as at 31 December 2020 are as follows:

	<b>2020</b> <i>HK\$'000</i>	<b>2019</b> <i>HK\$'000</i>
<b>Assets</b>		
USD	738	12,516
RMB	14,415,100	18,596,090
HKD	96	828
GBP	10	207
	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>		
RMB	7,723,040	6,140,235
GBP	1,439,519	1,532,775
USD	27,955	52,795
EUR	13,233	12,659
	<u>                    </u>	<u>                    </u>

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

### **Contingent liabilities**

As at 31 December 2020, the Group provided certain guarantees amounting to HK\$378,367,000 (31 December 2019: HK\$849,088,000) to its related parties.

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

### **Employees**

The Group had 21,611 employees as at 31 December 2020 (2019: 21,746 employees).

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

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

During the year ended 31 December 2020, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

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

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

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

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

The financial statements of the Group for the year ended 31 December 2020 have been audited by the Company's auditor, Messrs. Deloitte Touche Tohmatsu. An unqualified auditor's report will be included in the Annual Report for dispatch to shareholders. The Audit and Risk Committee of the Board has reviewed the annual results of the Group for the year ended 31 December 2020.

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

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31 December 2020 does not constitute a part of the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 under the Hong Kong Companies Ordinance (Cap.622). The Company will deliver the financial statements for the year ended 31 December 2020 to the Registrar of Companies in due course.

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

## **PUBLIC FLOAT**

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

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company for 2021 will be held on 7 June 2021 in Hong Kong.

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

Hong Kong, 18 March 2021

*As at the date of this announcement, the Board of the Company comprises three non-executive directors, namely Mr. WANG Chuandong (Chairman), Mr. CHEN Ying and Mr. WANG Yan; three executive directors, namely Mr. TANG Yong, Mr. ZHANG Junzheng and Ms. WANG Xiao Bin; and four independent non-executive directors, namely, Mr. MA Chiu-Cheung, Andrew, Ms. LEUNG Oi-sie, Elsie, Dr. CH'IEN Kuo-fung, Raymond and Mr. SO Chak Kwong, Jack.*