華能國際電力股份有限公司
HUANENG POWER INTERNATIONAL, INC.

(a Sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 902)

ANNOUNCEMENT OF ANNUAL RESULTS FOR 2020

Power generation by domestic power plants:	**404.016 billion kWh**
Consolidated operating revenue:	**RMB169,446 million**
Net profit attributable to equity holders of the Company:	**RMB2,378 million**
Earnings per share:	**RMB0.04**
Proposed dividend:	**RMB0.18 per ordinary share (inclusive of tax)**

SUMMARY OF OPERATING RESULTS

The Board of Directors (the "Board") of Huaneng Power International, Inc. (the "Company" or "Huaneng International") hereby announces the audited operating results of the Company and its subsidiaries for the year ended 31 December 2020.

For the twelve months ended 31 December 2020, the Company realized consolidated operating revenue of RMB169,446 million, representing a decrease of 2.62% compared to the same period last year, and net profit attributable to equity holders of the Company amounted to RMB2,378 million, representing an increase of 210.28% as compared with the same period last year. Earnings per share amounted to RMB0.04. The Board is satisfied with the Company's results last year.

The Board proposed to declare a cash dividend of RMB0.18 (inclusive of tax) for each ordinary share of the Company held by shareholders.

Details of the operating results are set out in the financial information.

BUSINESS REVIEW OF YEAR 2020

In 2020, facing up to the impacts and test of the Covid-19 epidemic, the Company fully coordinated the work of epidemic prevention and control, production and operation, reform and development. Through the efforts of overcoming difficulties and fighting courageously, the epidemic prevention and control made major progress, safety production and business performance maintained steady, restructuring continued to optimize, new energy construction achieved significant results, scientific innovation achieved new progress and enterprise reform was deeply promoted. We have successfully completed the major objectives of the year.

1. Operating Results

For the twelve months ended 31 December 2020, the Company realized operating revenue of RMB169,446 million, representing a decrease of 2.62% compared to the same period last year. Net profit attributable to equity holders of the Company amounted to RMB2,378 million, representing an increase of 210.28% as compared with the same period last year. Earnings per share amounted to RMB0.04.

As at the end of 2020, net assets per share of the Company amounted to RMB5.19, representing a decrease of 2.69% as compared with the same period last year.

The Audit Committee of the Company convened a meeting on 22 March 2021 and reviewed the 2020 annual results of the Company.

2. Power Generation

In 2020, total power generated by the Company's domestic operating power plants on consolidated statements basis amounted to 404.016 billion kWh, representing a year-on-year decrease of 0.24%. The electricity sold amounted to 379.894 billion KWh, representing a year-on-year decrease of 2.14%. The annual average utilization hours of the Company's domestic power plants reached 3,744 hours, representing a year-on-year decrease of 171 hours. The utilization hours of coal-fired power generating units was 4,059 hours, representing a year-on-year decrease of 163 hours. In most of the areas where the Company's coal-fired power plants are located, the utilization hours of the Company were in a leading position. Total heat supplied by the Company amounted to 263 million GJ, representing a year-on-year increase of 11.18%.

3. Cost Control

In 2020, the Company procured an aggregate of 171 million tons of coal. By accurately judging coal market trends, optimizing procurement strategy and regional supply structure, reinforcing cooperation with major coal enterprises, targeting high-quality low-cost resources on an advanced basis, the Company lowered the unit price of standard coal purchase effectively and relatively well controlled the fuel procurement cost of the Company. The unit fuel cost of our domestic power plants throughout the year incurred for sales of power was RMB209.07/MWh, representing a year-on-year decrease of 6.34%.

4. Energy Saving and Environmental Protection

In 2020, the Company maintained a leading position among major domestic thermal power producers, with the average equivalent availability ratio of the domestic thermal generating units of the Company of 94.92%, coal consumption of production power supply of 291.08g/kWh and the house consumption rate of plants of 4.33%. As per the demand for resolutely fighting against pollution, the Company actively carried out the three-year action plan to defend the blue sky. With respect to air pollution emissions, the power generation companies affiliated to the Company have carried out ultra-low-emissions transformation as planned with marked results. All of them have met or outperformed the national emission standards. With respect to treatment of wastewater discharge and coal yards and ash yards, the Company has allocated funds to carry out environmental technological transformation projects such as wastewater treatment, coal yard closure, and ash yard transformation in power plants in key regions. All power plants have accelerated environmental protection transformation projects to ensure that pollutant emissions meet the requirements under pollution discharge permits and other ecological and environmental protection policies.

5. Project Development

The Company progressed smoothly in the construction of power supply projects. During the year, the controlled generation capacity of the newly commissioned thermal generating units, wind generating units, photovoltaic units and biomass units was 1,925.04 MW, 2,177.9 MW, 771.93 MW and 65 MW, respectively. As of 31 December 2020, the Company's controlled and equity-based generation capacity was 113,357 MW and 98,948 MW, respectively.

6. Overseas Business

Tuas Power Ltd. ("Tuas Power"), a wholly-owned subsidiary of the Company in Singapore, maintained safe and stable operation of the generation units throughout the year. The total market share of Tuas Power in the power generation market for the whole year was 21.4%, representing a year-on-year increase of 0.7 percentage point. The Singapore project (SinoSing Power and Tuas Power combined) recorded a pre-tax profit of RMB131 million, representing a turnaround of RMB700 million compared with the loss of RMB569 million at the same period of last year.

Sahiwal coal-fired power plant is the first large-scale coal-fired power plant put into operation in the China-Pakistan Economic Corridor. It greatly eased the power shortage in Pakistan. The Pakistan project was included in the consolidated statements on 31 December 2018. It recorded a pre-tax profit of RMB738 million for 2020, representing a decrease of RMB1 million compared to the same period of last year.

In 2020, with the substantial support of all shareholders of the Company, all our work has achieved expected results. With a sound decision-making philosophy and a complete corporate governance system, the Company once again won the recognition of the capital market, and won the China Securities Golden Bauhinia Award for the "Outstanding Listed Company at the 30th Anniversary of the Capital Market", the Award for 2020 "Excellent Issuer of Corporate Bonds" granted by the Shanghai Stock Exchange, the Award for "Helmsman of Digital Economy" granted by Securities Daily, Award for 2020 "Social Responsibility Reporting Leader" granted by the China Social Responsibility 100 Forum, and the China Securities Golden Bauhinia Award for the "Best Board Secretaries of the Listed Companies", etc.

PROSPECTS FOR 2021

In 2021, the Company will implement the four strategies of green development, innovative development, safety development and excellent operation, to guard against risk, make structural adjustments, ensure steady growth, strengthen technology and advance reform so as to realize the high-standard beginning and high quality promotion of the "14th Five-Year" plan.

In terms of electric power construction, adhering to the green development concept, the Company will spend much effort to develop clean energy, optimize thermal power structure and speed up transformation and upgrading to achieve high-quality development by centering efficiency by means of modern management, under the support of science and technology innovation and on the basis of safe development.

In terms of electric power generation, the Company earnestly implements the regulations and policies in the field of safety production, and constantly optimizes management to prevent safety accidents. The Company conducts appraisal for the generator sets to comprehensively improve the lean level of facility management. While operating and maintaining the clean energy power generation system, the Company attaches importance to the basic and adjusting roles of existing thermal power generating unit in the energy safety system of the society, actively conducts life extension appraisal and transformation, and maintains the health level of standby set for emergency. The Company always focuses on the economy and flexibility of the power generation assembly and meet the new market demands through technical transformation; actively develops the heat supply industry to upgrade integrated energy services; deeply studies the application prospect of biomass coupled power generation and grasps the market opportunities; and earnestly governs the environment protection well as demanded by the ecological civilization construction of various regions.

In terms of electric power marketing, the Company will continuously adhere to be led by electric power marketing and practically implement the working system of the whole team committing to marketing led by the team head. The Company will adhere to the market-oriented, customer-centered and efficiency-targeted market concept. The Company will strengthen policy and market analysis, optimize and adjust marketing strategies, conduct the volume-price planning well, and meanwhile actively deal with the electrical market-oriented reformation, speed up the construction of operating center, construct customer service system and promote the operational level of energy sales company, and actively explore new business of integrated energy service, striving to achieve an annual domestic power generation of 410 billion kWh.

In terms of fuel, first, the Company further interprets, studies and judges the policies and market situation, constantly improves the study and judgment ability towards market, and actively tries to guide the market with policies; second, the Company constantly promotes the intensive and lean control level of fuel, implement the conclusion and performance of the long-term contract, and adheres to optimize the purchase of imported coal, reasonably optimize the inventory, and give a play to the storage in the low season for the use in the peak season, and meanwhile adheres to optimize and adjust the purchase structure and conduct fuel innovation well in order to reduce the purchase cost; third, the Company constantly improves the digitalized management level of fuel and promotes the intelligentization of fuel management, in order to improve management efficiency and thus to explore the potential and strengthen the effect; fourth, the Company strengthens the resource development, builds up long-term and stable supplier team, and explores the resource at the source, to develop the high calorie and low sulfur coal resources in domestic market, strengthen the supplier management, etc.

In terms of capital, the Company will keep an eye on changes in the international and domestic capital markets and give full play to its credit and management advantages. While ensuring the smooth flow of the main channels of credit financing, the Company will increase the issuance of bonds, innovate financing methods, expand financing channels, and spare no effort to reduce the cost of funds while ensuring the safety of funds.

The Company will, based on intrinsic safety, directed by clean and low carbon, centered on quality efficiency, guided by technological innovation, with deepening reform as the means and the Party building as the guarantee, focus on risk prevention and control, transformation development, operation and efficiency improvement, open development, improving competitiveness, triggering enterprise vigor, strengthening foundation and fostering spirit so as to step up the pace of building a world-class listed power company.

OPERATING AND FINANCIAL REVIEWS AND PROSPECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Prepared under International Financial Reporting Standards ("IFRS"))

General

The principal activities of the Company are investment in, and construction, operation and management of, power plants within China.

As of 31 December 2020, the Company had a controlled installed capacity of 113,357 MW and an equity-based installed capacity of 98,948 MW, of which approximately 20.60% was from clean energy sources (gas turbine, hydro, wind, photovoltaic and biomass power generation). The Company located its power in 26 provinces, autonomous region and municipalities within China; the Company also owns a wholly owned power enterprise located in Singapore, and invests in a power enterprise located in Pakistan (has been consolidated since 31 December 2018). The Company is among the biggest listed power companies in China.

For the year ended 31 December 2020, the operating revenue of the Company amounted to RMB169,446 million, representing a decrease of 2.62% over the same period of last year. The net profit attributable to equity holders of the Company was RMB2.378 billion, representing an increase of 210.28% over the same period of last year; the earnings per share was RMB0.04.

A. OPERATING RESULTS

1. 2020 operating results

The power generation of the Company's domestic power plants for the year ended 31 December 2020 are as listed below (in billion kWh):

	Power Generation		Electricity Sold	
Region	**2020**	**Change**	**2020**	**Change**
Heilongjiang Province	**14.126**	1.10%	**13.238**	1.19%
Coal-fired	**12.853**	1.57%	**11.988**	1.70%
Wind-power	**1.138**	-4.09%	**1.117**	-4.07%
PV	**0.135**	2.95%	**0.133**	2.53%
Jilin Province	**11.102**	6.85%	**10.385**	6.04%
Coal-fired	**9.513**	5.24%	**8.881**	4.55%
Wind-power	**1.141**	11.93%	**1.084**	9.50%
Hydro-power	**0.076**	80.49%	**0.075**	82.22%
PV	**0.145**	137.25%	**0.143**	137.18%
Biomass power	**0.228**	-0.45%	**0.202**	-2.28%
Liaoning Province	**18.771**	-2.05%	**17.455**	-2.17%
Coal-fired	**18.191**	-2.19%	**16.882**	-2.33%
Wind-power	**0.376**	-0.12%	**0.373**	-0.22%
Hydro-power	**0.042**	44.53%	**0.041**	46.96%
PV	**0.163**	1.63%	**0.159**	1.90%
Inner Mongolia	**0.212**	-3.74%	**0.208**	-4.39%
Wind-power	**0.212**	-3.74%	**0.208**	-4.39%
Hebei Province	**12.175**	-5.70%	**11.363**	-5.79%
Coal-fired	**11.661**	-7.73%	**10.862**	-8.05%
Wind-power	**0.457**	107.90%	**0.446**	127.39%
PV	**0.056**	4.16%	**0.055**	5.22%
Gansu Province	**13.151**	15.04%	**12.496**	15.27%
Coal-fired	**10.793**	14.93%	**10.199**	15.13%
Wind-power	**2.358**	15.54%	**2.297**	15.92%

Region	Power Generation 2020	Power Generation Change	Electricity Sold 2020	Electricity Sold Change
Ningxia	**0.023**	1.63%	**0.023**	1.20%
PV	**0.023**	1.63%	**0.023**	1.20%
Beijing	**8.579**	1.36%	**8.218**	2.20%
Coal-fired	**0.987**	-32.19%	**0.870**	-32.57%
Combined Cycle	**7.591**	8.33%	**7.347**	8.85%
Tianjin	**6.743**	-2.85%	**6.338**	-2.84%
Coal-fired	**5.101**	-5.56%	**4.741**	-5.71%
Combined Cycle	**1.628**	5.91%	**1.583**	6.03%
PV	**0.015**	390.71%	**0.015**	365.47%
Shanxi Province	**10.911**	-3.99%	**10.133**	-4.36%
Coal-fired	**8.139**	-10.51%	**7.461**	-11.04%
Combined Cycle	**2.176**	2.74%	**2.118**	2.72%
Wind-power	**0.033**	–	**0.006**	–
PV	**0.563**	270.47%	**0.548**	275.47%
Shandong Province	**81.839**	-4.77%	**76.227**	-8.45%
Coal-fired	**80.494**	-5.02%	**74.963**	-8.70%
Wind-power	**0.829**	6.34%	**0.760**	1.60%
PV	**0.512**	24.25%	**0.504**	23.48%
Biomass power	**0.004**	–	**–**	–
Henan Province	**21.244**	-3.48%	**19.951**	-3.78%
Coal-fired	**19.487**	-7.64%	**18.287**	-7.95%
Combined Cycle	**0.610**	43.85%	**0.595**	44.10%
Wind-power	**1.124**	142.78%	**1.046**	142.33%
PV	**0.023**	-7.04%	**0.023**	-5.63%
Jiangsu Province	**37.742**	-4.41%	**35.609**	-4.76%
Coal-fired	**30.772**	-7.28%	**29.045**	-7.08%
Combined Cycle	**4.187**	-7.25%	**3.917**	-11.49%
Wind-power	**2.604**	56.49%	**2.478**	55.87%
PV	**0.179**	53.03%	**0.169**	47.24%

Region	Power Generation 2020	Power Generation Change	Electricity Sold 2020	Electricity Sold Change
Shanghai	**17.468**	-0.78%	**16.488**	-0.89%
Coal-fired	**15.976**	2.52%	**15.036**	2.53%
Combined Cycle	**1.477**	-26.95%	**1.440**	-26.99%
PV	**0.015**	–	**0.012**	–
Chongqing	**9.355**	-5.53%	**8.712**	-5.60%
Coal-fired	**7.727**	-6.82%	**7.125**	-6.97%
Combined Cycle	**1.385**	0.61%	**1.351**	0.63%
Wind-power	**0.243**	4.15%	**0.236**	3.85%
Zhejiang Province	**25.169**	-2.24%	**24.121**	-2.37%
Coal-fired	**24.385**	-2.76%	**23.353**	-2.91%
Combined Cycle	**0.731**	20.02%	**0.715**	19.91%
PV	**0.053**	-10.90%	**0.053**	-10.77%
Hubei Province	**15.380**	-23.22%	**14.446**	-23.32%
Coal-fired	**14.484**	-24.77%	**13.571**	-24.93%
Wind-power	**0.552**	-4.40%	**0.542**	-4.33%
Hydro-power	**0.322**	79.07%	**0.312**	78.92%
PV	**0.022**	-1.74%	**0.021**	-2.00%
Hunan Province	**10.280**	-9.47%	**9.593**	-9.81%
Coal-fired	**9.328**	-10.87%	**8.664**	-11.22%
Wind-power	**0.595**	12.65%	**0.579**	10.92%
Hydro-power	**0.313**	-6.61%	**0.307**	-6.68%
PV	**0.044**	63.27%	**0.043**	66.17%
Jiangxi Province	**21.585**	4.00%	**20.666**	4.08%
Coal-fired	**20.537**	1.81%	**19.648**	1.88%
Wind-power	**0.821**	40.38%	**0.806**	41.17%
PV	**0.228**	–	**0.213**	–
Anhui Province	**5.692**	-3.88%	**5.423**	-3.86%
Coal-fired	**5.130**	-7.34%	**4.886**	-7.05%
Wind-power	**0.451**	49.67%	**0.425**	42.32%
Hydro-power	**0.112**	31.23%	**0.111**	31.71%

Region	Power Generation 2020	Power Generation Change	Electricity Sold 2020	Electricity Sold Change
Fujian Province	**17.246**	56.10%	**16.382**	15.26%
Coal-fired	**17.235**	56.17%	**16.371**	15.28%
PV	**0.012**	-3.20%	**0.012**	-1.12%
Guangdong Province	**24.438**	9.20%	**23.136**	8.13%
Coal-fired	**22.625**	1.19%	**21.642**	1.25%
Combined Cycle	**1.790**	–	**1.471**	–
PV	**0.023**	5.68%	**0.023**	5.33%
Guangxi Province	**0.715**	84.36%	**0.680**	84.96%
Combined Cycle	**0.443**	62.34%	**0.426**	63.46%
Wind-power	**0.272**	136.64%	**0.255**	137.14%
Yunnan Province	**7.853**	80.19%	**7.253**	81.07%
Coal-fired	**7.251**	95.60%	**6.668**	97.69%
Wind-power	**0.566**	-5.89%	**0.550**	-5.84%
Hydro-power	**0.036**	-27.62%	**0.035**	-28.40%
Guizhou Province	**0.301**	38.72%	**0.290**	36.50%
Wind-power	**0.221**	2.46%	**0.219**	2.99%
PV	**0.080**	–	**0.071**	–
Hainan Province	**11.915**	-8.23%	**11.062**	-8.10%
Coal-fired	**11.303**	-9.55%	**10.464**	-9.48%
Combined Cycle	**0.329**	89.12%	**0.320**	89.07%
Wind-power	**0.113**	15.03%	**0.110**	15.12%
Hydro-power	**0.069**	-37.43%	**0.068**	-37.48%
PV	**0.101**	-3.47%	**0.100**	-3.53%
Total	**404.016**	-0.24%	**379.894**	-2.14%

The decrease in the Company's power generation was mainly attributable to the following factors: (1) the overall electricity consumption nation-wide in the first half of 2020 declined sharply due to the COVID-19 pandemic, which led to a decrease of 0.24% in annual power generation even though the Company achieved growth in both the third and the fourth quarters; (2) new energy generating units such as wind power and photovoltaic units commenced operation in 2020 on a large scale, which, together with the increased rainfall in summer and enhanced efforts on the consumption of clean energy, caused further decline in the demand of thermal power; and (3) new thermal power units commenced operation in the area where the Company operates, leading to the decrease in the average local utilization hours, which in turn led to the decrease in the occupation of the capacity of the Company's power generation unites given the number of thermal power units of the Company only increased slightly.

For the year ended 31 December 2020, the accumulated power generation of Tuas Power Ltd., the Company's wholly owned subsidiary in Singapore, accounted for a market share of 21.4%, representing an increase of 0.7 percentage point from the same period last year.

In respect of tariff, the Company's domestic average tariff (inclusive of taxes) for the year ended 31 December 2020 was RMB413.63 per MWh, decreased by 0.81% from last year (while average tariff (exclusive of taxes) for the same period decreased by 0.15% to RMB366.04 per MWh). SinoSing Power's average tariff for 2020 was RMB530.61 per MWh, representing a decrease by 16.60% from last year.

Region/type of power generation	**Average tariff rate (VAT inclusive) (RMB/MWh)**		
	2020	2019	**Change**
Heilongjiang Province			
Coal-fired	**379.26**	390.22	**-2.81%**
Wind-power	**526.17**	517.30	**1.71%**
PV	**710.02**	703.98	**0.86%**
Jilin Province			
Coal-fired	**371.86**	383.72	**-3.09%**
Wind-power	**490.30**	509.88	**-3.84%**
Hydro-power	**412.18**	417.48	**-1.27%**
PV	**587.14**	789.62	**-25.64%**
Biomass power	**749.99**	749.98	**0.00%**

Region/type of power generation	Average tariff rate (VAT inclusive) (RMB/MWh) 2020	2019	Change
Liaoning Province			
Coal-fired	**391.23**	400.36	**-2.28%**
Wind-power	**539.05**	523.50	**2.97%**
Hydro-power	**362.04**	366.41	**-1.19%**
PV	**874.25**	892.83	**-2.08%**
Inner Mongolia			
Wind-power	**454.91**	441.31	**3.08%**
Hebei Province			
Coal-fired	**361.80**	362.71	**-0.25%**
Wind-power	**495.03**	512.27	**-3.36%**
PV	**723.65**	734.80	**-1.52%**
Gansu Province			
Coal-fired	**312.40**	303.30	**3.00%**
Wind-power	**343.69**	381.33	**-9.87%**
Ningxia			
PV	**800.00**	801.85	**-0.23%**
Beijing			
Coal-fired	**478.58**	461.00	**3.81%**
Combined Cycle	**620.27**	640.10	**-3.10%**
Tianjin			
Coal-fired	**365.79**	371.28	**-1.48%**
Combined Cycle	**597.85**	684.92	**-12.71%**
PV	**634.61**	874.51	**-27.43%**
Shanxi Province			
Coal-fired	**314.39**	318.55	**-1.31%**
Combined Cycle	**612.51**	667.58	**-8.25%**
Wind-power	**600.00**	–	**–**
PV	**628.78**	860.36	**-26.92%**

Region/type of power generation	Average tariff rate (VAT inclusive) (RMB/MWh) 2020	2019	Change
Shandong Province			
Coal-fired	**408.18**	407.28	**0.22%**
Wind-power	**598.67**	600.76	**-0.35%**
PV	**850.98**	855.00	**-0.47%**
Henan Province			
Coal-fired	**360.81**	363.89	**-0.85%**
Combined Cycle	**960.30**	1,202.96	**-20.17%**
Wind-power	**585.94**	602.96	**-2.82%**
PV	**361.70**	375.77	**-3.74%**
Jiangsu Province			
Coal-fired	**395.57**	383.08	**3.26%**
Combined Cycle	**632.45**	619.77	**2.05%**
Wind-power	**757.19**	730.35	**3.67%**
PV	**734.74**	902.65	**-18.60%**
Shanghai			
Coal-fired	**406.49**	400.91	**1.39%**
Combined Cycle	**871.34**	804.57	**8.30%**
PV	**521.50**	–	**–**
Chongqing			
Coal-fired	**406.68**	405.74	**0.23%**
Combined Cycle	**724.30**	734.49	**-1.39%**
Wind-power	**607.05**	608.77	**-0.28%**
Zhejiang Province			
Coal-fired	**406.53**	416.57	**-2.41%**
Combined Cycle	**828.89**	951.91	**-12.92%**
PV	**1,121.06**	1,075.33	**4.25%**
Hubei Province			
Coal-fired	**408.17**	421.50	**-3.16%**
Wind-power	**610.02**	620.52	**-1.69%**
Hydro-power	**375.18**	376.60	**-0.38%**
PV	**880.00**	880.00	**0.00%**

Region/type of power generation	Average tariff rate (VAT inclusive) (RMB/MWh) 2020	2019	Change
Hunan Province			
Coal-fired	**447.29**	451.70	**-0.98%**
Wind-power	**558.50**	604.75	**-7.65%**
Hydro-power	**332.02**	353.05	**-5.96%**
PV	**837.84**	896.94	**-6.59%**
Jiangxi Province			
Coal-fired	**410.66**	415.37	**-1.13%**
Wind-power	**604.41**	606.28	**-0.31%**
PV	**736.44**	–	**–**
Anhui Province			
Coal-fired	**361.38**	370.68	**-2.51%**
Wind-power	**602.33**	610.00	**-1.26%**
Hydro-power	**421.63**	423.31	**-0.40%**
Fujian Province			
Coal-fired	**395.20**	403.49	**-2.05%**
PV	**980.00**	979.78	**0.02%**
Guangdong Province			
Coal-fired	**408.00**	428.00	**-4.67%**
Combined Cycle	**568.04**	–	**–**
PV	**980.00**	976.77	**0.33%**
Guangxi Province			
Combined Cycle	**718.25**	647.57	**10.92%**
Wind-power	**591.98**	607.75	**-2.59%**
Yunnan Province			
Coal-fired	**350.97**	462.29	**-24.08%**
Wind-power	**472.26**	475.62	**-0.71%**
Hydro-power	**246.00**	245.39	**0.25%**
Guizhou Province			
Wind-power	**586.98**	593.15	**-1.04%**
PV	**512.54**	–	**–**
Hainan Province			

Region/type of power generation	Average tariff rate (VAT inclusive) (RMB/MWh) 2020	2019	Change
Coal-fired	**441.75**	439.63	**0.48%**
Combined Cycle	**580.13**	680.48	**-14.75%**
Wind-power	**604.58**	606.45	**-0.31%**
Hydro-power	**382.76**	392.71	**-2.53%**
PV	**908.98**	897.12	**1.32%**
Domestic total	**413.63**	417.00	**-0.81%**
SinoSing Power	**530.61**	636.24	**-16.60%**

In respect of fuel costs, due to the decrease in fuel prices, the Company's fuel cost per unit of power sold by domestic power plants decreased by 6.34% to RMB209.07 per MWh from last year.

Combining the forgoing factors, for the year ended 31 December 2020, the Company recorded an operating revenue of RMB169,446 million, representing a decrease of 2.62% from RMB174,009 million of last year. The operating expenses of the Company amounted to 155,734 million, representing a decrease of 2.54% from RMB159,799 million of last year, and the pre-tax profit of the Company amounted to RMB4,774 million, representing an increase of 53.03% from RMB3,119 million of last year.

2. Comparative Analysis of Operating results

2.1 Operating revenue and tax and levies on operations

Operating revenue mainly consists of revenue from electricity sold. For the year ended 31 December 2020, the consolidated operating revenue of the Company and its subsidiaries amounted to RMB169,446 million, representing a decrease of 2.62% from RMB174,009 million for the year ended 31 December 2019. The operating revenue from domestic operations of the Company decreased by RMB1,525 million over the same period of last year, while the operating revenue generated from newly acquired entities and newly operated generating units was RMB3,463 million.

The operating revenue from the operations of the Company in Singapore decreased by RMB2.358 billion over the same period of last year, representing a 17.70% decrease, which was mainly attributed to the decrease in the tariff. The operating revenue from the operations of the Company in Pakistan decreased by RMB679 million, representing a decrease of 14.13% compared to the same period last year, mainly due to the decrease in power sales as a result of COVID-19.

Tax and levies on operations mainly consist of surcharges of value-added tax. According to relevant administrative regulations, these surcharges include City Construction Tax and Education Surcharges calculated at prescribed percentages on the amounts of the value-added tax paid. For the year ended 31 December 2020, the tax and levies on operations of the Company and its subsidiaries were RMB1.794 billion, representing a decrease of RMB39 million from RMB1.833 billion for the same period of last year, of which the tax and levies on operations attributable to newly acquired entities and new generating units accounted for RMB8 million.

2.2 Operating expenses

For the year ended 31 December 2020, the total operating expenses of the Company and its subsidiaries was RMB155.734 billion, representing a decrease of 2.54% from the same period last year. The operating expenses in domestic operations of the Company decreased by RMB0.776 billion, or 0.54%, from the same period last year, of which the newly acquired entities and the new generating units accounted for RMB2.016 billion; the costs attributable to the existing entities decreased by RMB2.792 billion, which was primarily attributable to the reduced fuel costs for domestic operations in China.

The operating expenses from the operations in Singapore decreased by RMB2.784 billion, or 20.62%, from the same period last year, which was mainly due to the decreased fuel costs. The operating expenses from the operations in Pakistan decreased by RMB0.504 billion, which was mainly due to decrease in power generation as a result of COVID-19.

2.2.1 Fuel costs

Fuel costs account for the majority of the operating expenses for the Company and its subsidiaries. For the year ended 31 December 2020, fuel costs of the Company and its subsidiaries decreased by 8.93% to RMB88.966 billion from RMB97.687 billion for the year ended 31 December 2019. The fuel costs from domestic operations of the Company and its subsidiaries decreased by RMB7.217 billion, which was primarily attributable to the decline of fuel price. The fuel costs of the newly acquired entities and new generating units were RMB0.795 billion and the fuel costs of the existing generating units decreased by RMB8.012 billion from same period last year. Fuel costs in Singapore decreased by RMB1.503 billion from the same period last year, mainly due to decreased natural gas costs. For the year ended 31 December 2020, the average price (inclusive of taxes) of natural fuel coal consumed of the Company and its domestic subsidiaries was RMB479.11 per ton, representing a 5.15% decrease from the RMB505.12 per ton for the year ended 31 December 2019. The fuel cost per unit of power sold by the Company's domestic power plants decreased by 6.34% to RMB209.07/MWh from RMB223.22/MWh in 2019.

2.2.2 Maintenance

For the year ended 31 December 2020, the maintenance expenses of the Company and its subsidiaries amounted to RMB5.002 billion, representing an increase of RMB396 million from RMB4.606 billion for the year ended 31 December 2019. The maintenance expenses of the Company's domestic operations increased by RMB370 million compared to the same period last year. The maintenance expenses of operations in Singapore increased by RMB26 million compared to the same period last year.

2.2.3 Depreciation

For the year ended 31 December 2020, depreciation expenses of the Company and its subsidiaries increased by 1.29% to RMB22.146 billion, compared to RMB21.865 billion in the year ended 31 December 2019; the increase was mainly due to entities and new generating units put into operation of last year and this year. The depreciation expenses of domestic operations increased by RMB275 million compared to the same period last year, of which the depreciation costs incurred by the newly acquired entities and new generating units was RMB684 million. The depreciation expenses of the operations in Singapore increased by RMB6 million compared to the same time last year.

2.2.4 Labor

Labor costs consist of salaries to employees and contributions payable for employees' housing funds, medical insurance, pension and unemployment insurance, as well as training costs. For the year ended 31 December 2020, the labor costs of the Company and its subsidiaries amounted to RMB14.503 billion, representing an increase of RMB988 million from RMB13.515 billion for the year ended 31 December 2019. This is mainly attributable to the good operating performance of the Company which resulted in the increase of payroll as well as the welfare fees, labour union funds, employee training fees and etc. Labor costs for Singapore operations increased by RMB20 million compared to the same time last year.

2.2.5 Other operating expenses (including electricity power purchase costs and service fees paid to HIPDC)

Other operating expenses include environmental protection expenses, insurance premiums, office expenses, amortization, Tuas Power's electricity power purchase costs, impairment losses, government subsidies and net losses on disposal of properties, plant and equipment. For the year ended 31 December 2020, other operating expenses of the Company and its subsidiaries was RMB25.116 billion, representing an increase of RMB2.990 billion from RMB22.126 billion for the year ended 31 December 2019. The other operating expenses from the Company's domestic operations increased by RMB4.823 billion due to the increase in asset impairments, please refer to Note 12 for details.

Other operating expenses of the operations in Singapore decreased by RMB1.333 billion compared to the same period last year. Other operating expenses of the operations in Pakistan decreased by RMB0.500 billion compared to the same period last year.

2.3 Financial expenses

Financial expenses consist of interest expense, bank charges and net exchange differences.

2.3.1 Interest expenses

For the year ended 31 December 2020, the interest expenses of the Company and its subsidiaries were RMB9.201 billion, representing a decrease of 14.51% from RMB10.763 billion for the year ended 31 December 2019. The interest expenses from the Company's domestic operations decreased by RMB1.233 billion. The interest expenses from the newly acquired entities and new generating units were RMB537 million and those incurred by the existing entities in China decreased by RMB1.771 billion, which is largely attributable to lower funding costs and decrease in debts.

The interest expenses of Singapore operations decreased by RMB154 million compared to the same period last year.

2.3.2 Net exchange differences and bank charges

For the year ended 31 December 2020, the Company and its subsidiaries recorded a net gain of RMB101 million from net exchange difference and bank charges, representing an increase of RMB311 million compared with the net loss of RMB210 million for the year ended 31 December 2019.

The operations in Singapore recorded net gain of RMB189 million in exchange changes and bank charges, representing an increase of RMB226 million from the net loss of RMB37 million for the year ended 31 December 2019, mainly due to decrease in US dollar-to-Singapore dollar exchange rates. The operations in Pakistan recorded net loss of RMB90 million in exchange losses and bank charges in 2020.

2.4 *Share of profits less losses of associates and joint ventures*

For the year ended 31 December 2020, the share of profits less losses of associates and joint ventures was RMB1.774 billion, representing an increase of RMB588 million from RMB1.186 billion of last year, mainly due to the increase in profit of Shenzhen Energy Corporation ("Shenzhen Energy"), an associate of the Company.

2.5 *Income tax expenses*

For the year ended 31 December 2020, the Company and its subsidiaries recognized income tax expenses of RMB2.163 billion, representing an increase of RMB152 million from RMB2.011 billion for the year ended 31 December 2019. The income tax expenses for the domestic operations increased by RMB54 million. The income tax expenses for the Singapore operations increased by RMB84 million.

2.6 *Net profit, net profit attributable to equity holders of the Company and non-controlling interests*

For the year ended 31 December 2020, the Company and its subsidiaries achieved a net profit of RMB2.611 billion, representing an increase of RMB1.503 billion, or 135.65%, from RMB1.108 billion for the year ended 31 December 2019; the net profit attributable to equity holders of the Company was RMB2.378 billion, representing an increase of RMB1.612 billion from RMB0.766 billion for the year ended 31 December 2019.

The profit attributable to equity holders of the Company from its domestic operations increased by RMB1,003 million, mainly because of the year-on-year decrease in domestic coal purchase prices and financial expenses. The net profit attributable to equity holders of the Company from its operations in Singapore was RMB138 million, representing an increase of RMB615 million from same period last year, mainly due to the year-on-year decrease of financial expenses, the increased profit from electricity sold and the increased government subsidies received. The profit attributable to equity holders of the Company from its operation in Pakistan in 2020 was RMB288 million, substantially remaining the same compared to the same period last year.

The Company's recorded profit from its non-controlling interests decreased to RMB233 million for the year ended 31 December 2020 from RMB342 million for the year ended 31 December 2019, mainly attributable to the decline in net profit of the Company's non-wholly owned subsidiaries.

2.7 *Comparison of financial positions*

2.7.1 *Comparison of asset items*

As of 31 December 2020, consolidated total assets of the Company and its subsidiaries were RMB449.905 billion, representing an increase of 5.06% from RMB428.250 billion as of 31 December 2019; total assets of the domestic operations increased by RMB24.823 billion to RMB409.782 billion, including a net increase of RMB18.852 billion in non-current assets, which is mainly attributable to new construction leading to an increase in assets.

As of 31 December 2020, total assets of the operations in Singapore were RMB26.866 billion, representing a decrease of RMB2.055 billion from the same period last year. Non-current assets decreased by RMB1.518 billion to RMB23.806 billion.

As of 31 December 2020, total assets of the operations in Pakistan were RMB13.257 billion, representing a decrease of RMB1.113 billion from the same period last year. Non-current assets decreased by RMB1.036 billion from last year to RMB9.053 billion.

2.7.2 *Comparison of liability items*

As of 31 December 2020, consolidated total liabilities of the Company and its subsidiaries were RMB298.288 billion, representing an increase of 0.14% from RMB297.871 billion as of 31 December 2019.

As of 31 December 2020, interest-bearing debts of the Company and its subsidiaries totaled RMB241.743 billion. The interest-bearing debts consist of long-term loans (including those maturing within a year), bonds payable (including those maturing within a year), short-term borrowings, short-term bonds payable and lease liabilities (including those maturing within a year).

As of 31 December 2020, the total liabilities of the operations in Singapore were RMB15.092 billion, representing a decrease of 10.94% from RMB16.946 billion as of 31 December 2019. As of 31 December 2020, the total liabilities of the operations in Pakistan were RMB9.732 billion, representing a decrease of 13.62% from RMB11.267 billion as of 31 December 2019.

2.7.3 *Comparison of equity items*

Excluding the impact of profit and profit appropriations, total equity attributable to the equity holders of the Company increased as of 31 December 2020, mainly because of the issuance of other equity instruments at par value of RMB25.5 billion in total with foreign currency transition differences of RMB684 million. Non-controlling interests increased by RMB195 million in 2020.

2.7.4 Major financial position ratios

	2020	2019
Current ratio	**0.43**	0.43
Quick ratio	**0.39**	0.37
Ratio of liability to equity holders' equity	**2.30**	2.74
Multiples of interest earned	**1.38**	1.22

Formula of the financial ratios:

$$\text{Current ratio} = \frac{\text{balance of current assets as of the year end}}{\text{balance of current liabilities as of the year end}}$$

$$\text{Quick ratio} = \frac{\text{(balance of current assets as of the year end – net inventories as of the year end)}}{\text{balance of current liabilities as of the year end}}$$

$$\text{Ratio of liabilities to shareholders' equity} = \frac{\text{balance of liabilities as of the year end}}{\text{balance of shareholders' equity (excluding non-controlling interests) as of the year end}}$$

$$\text{Multiples of interest earned} = \frac{\text{(profit before tax + interest expense)}}{\text{interest expenditure (inclusive of capitalized interest)}}$$

The current ratio and quick ratio remained relatively unchanged as of 31 December 2020 compared to that of 31 December 2019. The ratio of liabilities to shareholders' equity as of 31 December 2020 decreased compared to that of 31 December 2019 mainly due to the increase in equity at the year end from issue of other equity instrument of face value of RMB25.5 billion. The multiples of interest earned increased mainly due to increased pre-tax profit for the year ended 31 December 2020.

B. LIQUIDITY AND CASH RESOURCES

1. Liquidity

	For the year ended 31 December		
	2020	2019	Change
	RMB billion	*RMB billion*	*%*
Net cash provided by operating activities	**41.987**	37.324	12.49
Net cash used in investing activities	**-42.237**	-29.034	45.47
Net cash provided by/(used in) financing activities	**1.804**	-11.328	115.93
Currency exchange impact	**-0.739**	0.063	-1,273.02
Net increase in cash and cash equivalents	**0.815**	-2.975	127.39
Cash and cash equivalents as at the beginning of the year	**12.443**	15.418	-19.30
Cash and cash equivalents as at the end of the year	**13.258**	12.443	6.55

For the year ended 31 December 2020, net cash provided by operating activities of the Company and its subsidiaries was RMB41.987 billion, representing an increase of 12.49% from last year, mainly attributable to the decrease of fuel cost. The net cash provided by operating activities in Singapore was RMB749 million. The net cash provided by operating activities in Pakistan was RMB1,472 million. The net cash used in investing activities was RMB42.237 billion for the year ended 31 December 2020, representing an increase of 45.47% from last year, mainly due to the increase of construction expenditures including the purchase of fixed assets, construction materials and etc. The net cash provided by financing activities was RMB1.804 billion for the year ended 31 December 2020, representing an increase of RMB13.132 billion from the net cash outflow of RMB11.328 billion in last year. This was mainly due to the increase of net financing. As of 31 December 2020, the cash and cash equivalents of the Company and its subsidiaries denominated in RMB, Singapore dollar and U.S. dollar were RMB12.201 billion, RMB777 million and RMB463 million, respectively.

As of 31 December 2020, net current liabilities of the Company and its subsidiaries were approximately RMB87.910 billion. Based on the Company's proven financing record, readily available banking facilities and sound credibility, the Company believes it is able to duly repay outstanding debts, obtain long-term financing and secure funding necessary for its operations. The Company has also capitalized on its good credit record to make short-term loans at relatively lower interest rates, thus reducing its interest expenses.

2. Capital expenditure and cash resources

2.1 Capital expenditure on infrastructure construction and renovation projects

The actual capital expenditure of the Company in 2020 was RMB45.372 billion, which was mainly used for capital construction and renovation expenditures. Regarding of capital construction, the major capital investments included RMB3.762 billion for Liaoning Clean Energy, RMB3.022 billion for Sheyang New Energy, RMB2.743 billion for Puyang Clean Energy, RMB2.727 billion for Ruijin Power, RMB2.707 billion for Shengdong Rudong Offshore, RMB2.690 billion for Zhejiang Cangnan Offhsore, RMB2.629 billion for Huaneng Shandong Power Generation Co., Ltd. ("Shandong Power"), RMB2.314 billion for Shanxi Comprehensive Energy, RMB1.894 billion for Guanyun Clean Energy, RMB1.662 billion for Pinghu Offshore, RMB0.924 billion for Jiangxi Clean Energy, RMB0.906 billion for Anhui Mengcheng Wind Power, RMB0.788 billion for Jiangyin Co-generation, RMB0.764 billion for Abagaqi Clean Energy, RMB0.739 billion for Anyang Energy, RMB0.638 billion for Diandong Energy, RMB0.609 billion for Jilin Power, RMB0.568 billion for Zhenning New Energy, RMB0.555 billion for Heilongjiang Power, RMB0.555 billion for Dalian Co-generation, RMB0.440 billion for Qingdao Co-generation, RMB0.430 billion for Luodian New Energy, RMB0.379 billion for Diandong Yuwang, and RMB3.535 billion for the rest. Besides, other expenditures including renovation expenditures were RMB7.392 billion.

The above capital expenditures are sourced mainly from internal capital, cash flows provided by operating activities, and debt and equity financing. In the next few years, the Company will further accelerate development and construction of renewable energy infrastructure and promote structural adjustment, and therefore expects to have significant capital expenditures. The Company expects to finance the above capital expenditures through internal capital, cash flows provided by operating activities, and debt and equity financing.

The cash requirements, usage plans and cash resources of the Company are as following:

(Unit: RMB100 million)

Capital Expenditure Project	Capital Expenditure Plan for 2021	Cash resources arrangements	Financing costs and note on use
Thermal power projects	86.28	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC
Hydropower projects	0	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC
Wind power projects	313.82	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC
Coal mining projects	18.93	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC
Photovoltaic power projects	99.60	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC

Capital Expenditure Project	Capital Expenditure Plan for 2021	Cash resources arrangements	Financing costs and note on use
Ports	0	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC
Technology renovation	45.44	Including internal cash resources and bank loans	Within the floating range of benchmark lending interest rates of PBOC

2.2 *Cash resources and anticipated financing costs*

The Company expects to finance its capital expenditure and acquisition costs primarily with internal capital, cash flow provided by operating activities, and debt and equity financing.

Good operating results and sound credit status provide the Company with strong financing capabilities. As of 31 December 2020, the undrawn banking facilities available to the Company and its subsidiaries amount to approximately RMB305.1 billion, which are granted by Bank of China, China Construction Bank and Industrial and Commercial Bank of China.

The Company completed issuances of unsecured super short-term bonds in 9 installments on February 14, February 21, April 24, May 15, October 21, November 3, November 23, December 9 and December 23 of 2020, at principal amount of RMB2 billion, 2 billion, 2 billion, 2 billion, 2 billion, 2 billion, 3 billion, 2 billion and 3 billion, with nominal annual interest rates of 1.7%, 1.5%, 1.2%, 1.2%, 1.3%, 1.3%, 1.4%, 1.5% and 1.4%, respectively. Each installment of the notes was denominated in RMB, issued at par value, and would successively mature in 90 days, 60 days, 60 days, 90 days, 30 days, 30 days, 30 days, 30 days, and 30 days from the value date.

The company issued perpetual bonds of RMB2 billion, RMB1 billion, RMB2.5 billion and RMB3 billion on March 23 (the first two bonds), April 23 and September 10, 2020 with coupon rate of 3.58%, 3.85%, 3.09% and 4.38%, each denominated in RMB and issued at face value with maturity of 3+N years, 5+N years, 3+N years and 3+N years from the date of issue; four tranches of unsecured medium-term notes of RMB3 billion, RMB3.5 billion, RMB2 billion and RMB1 billion on April 13, June 19, August 19 and September 16, 2020, with coupon rate of 3.18% (MTN001), 3.60% (MTN002), 3.99% (MTN003) and 4.40%, respectively, each denominated in RMB and issued at face value with maturity of 3+N years (MTN001), 3+N years (MTN002), 3+N years (MTN003), and 3+N years from the date of issue, respectively; and three tranches of insurance bonds of RMB3.57 billion, RMB0.93 billion and RMB3 billion on April 20, April 22 and August 27, 2020 with coupon rate of 4.75%, 4.75% and 4.60%, each denominated in RMB and issued at face value with maturity of 8+N years, 10+N years, and 10+N years from the date of issue.

The Company, through its subsidiary SinoSing Power, issued two tranches of secured corporate bonds of USD300 million and USD300 million on February 20, 2020 with coupon rate of 2.25% and 2.63%. The instrument was denominated in US dollars and issued at 99.653% and 99.277% of the par value with maturity of five years and ten years from the value date, respectively. The bonds are guaranteed by the Company.

As of 31 December 2020, short-term loans of the Company and its subsidiaries were RMB66.311 billion (2019: RMB67.119 billion). Loans from banks were charged at interest rates ranging from 2.15% to 4.90% per annum (2019: 0.00% to 14.58%).

As of 31 December 2020, short-term bonds payable by the Company and its subsidiaries were RMB5.003 billion (2019: RMB9.026 billion).

As of 31 December 2020, the Company and its subsidiaries' long-term loans (including long-term loans due within one year) totaled RMB131.886 billion (2019: RMB134.023 billion), including RMB loans of RMB114.350 billion (2019: 110.947 billion), USD loans of USD1.480 billion (2019: USD1.431 billion), EUR loans of EUR11 million (2019: EUR15 million), SGD loans of SGD1.551 billion (2019: SGD2.479 billion), JPY loans of 2.266 billion yen (2019: 2.372 billion yen). Among them, US dollar loans and Singapore dollar loans are floating rate loans, and other foreign currency loans are fixed rate loans. For the fiscal year ended 31 December 2020, the annual interest rate of long-term bank borrowings is 0.75% to 6.55% (2019: 0.75% to 6.82%).

The Company and its subsidiaries will closely monitor any change in the exchange rate and interest rate markets and cautiously assess the currency rate and interest rate risks.

Combining the current development of the power generation industry and the growth of the Company growth, the Company will make continuous efforts to not only meet cash requirements of daily operations, constructions and acquisitions, but also establish an optimal capital structure to minimize the cost of capital and manage financial risks through effective financial management activities, thus maintaining sustainable and stable returns to the shareholders.

2.3 *Other financing requirements*

The objective of the Company is to bring steadily growing returns to shareholders in the long run. In line with this objective, the Company follows a proactive, stable and balanced dividend policy. In accordance with the profit appropriation plan of the board of directors of the Company (subject to the approval at annual general meeting) for 2020, the Company expects to pay a cash dividend of RMB2.826 billion.

2.4 Maturity profile of loans and bonds

Maturity Profile *(RMB100 million)*	**2021**	**2022**	**2023**	**2024**	**2025**
Principal amount planned for repayment	1,037.90	210.47	191.67	121.79	218.16
Interest amount planned for repayment	74.52	51.93	42.81	35.88	29.49
Total	1,112.42	262.40	234.48	157.67	247.65

Note: The amount of principle to be paid in 2021 is relatively large because this includes expected repayment of short-term loans and short-term bonds.

C. LONG-TERM DEVELOPMENT STRATEGY AND PLANNING

The Company fully implements the new development concept of "innovation, coordination, green, openness, sharing," following the requirements of constructing a clean, low-carbon, safe and efficient modern energy system, adheres to quality and efficiency as the center goal, reform and innovation as the driving force, and system and mechanism as the guarantee, take the deepening of the supply-side structural reform as the main line, coordinate energy security and green development, comprehensively promote high-quality development, and build the Company into a standardized managed, technological leading, energy saving and environment protecting, reasonable structured and excellently operated, world's leading listed power generation company with excellent corporate governance regime and outstanding market value.

The Company adheres to the new energy security strategy of "Four Revolutions, One Cooperation" as the foundation, vigorously implements the green development strategy, prioritizes quality and efficiency, adheres to both independent development and acquisition, make full use of the favorable conditions for the centralized development of renewable energy in the country's "Three-North", coastal, southwest and part of the central China, and further build a large-scale clean energy base of "base type, clean type, complementary type, intensification, digitalization, and standardization", accelerates the leap-forward development of new energy, accelerates the optimization and upgrading of coal power structure, develops well-performed gas power and other clean energy power generation, and actively expand integrated energy services. The Company wishes to vigorously implement innovative development strategies, lead high-quality development with technological innovation, serve national technological strategies, adhere to the company's major needs, improve technological innovation systems and mechanisms, and promote digital transformation and focus on international development; The Company expects to vigorously implement safe development strategies, constantly lay a solid foundation for management, improve intrinsic safety, build environmental protection and safety barriers, deepen comprehensive risk management, improve risk prevention and control and emergency response mechanisms, and improve capability of risk prevention, control and resolution. The Company wishes to vigorously implement the excellent operation strategy, adheres to the orientation of promoting profitability, improving efficiency, and creating value, consolidate the foundation of operation and management, improve management efficiency, optimize the asset structure, comprehensively improve the company's modern management and control level, and vigorously promote the improvement of quality and efficiency, improve corporate governance, enhance company brand value, and earnestly fulfill social responsibilities.

D. TREND ANALYSIS

The Central Economic Work Conference focused on the general trend of national economic development and proposed key tasks such as strengthening the national strategic scientific and technological strength, comprehensively promoting reform and opening up, and making well efforts on carbon peak and carbon neutrality, which will help navigating the country's economic development in 2021 and a longer period of time.

In the electricity market, with comprehensive consideration of international and domestic conditions, industrial and local developments, epidemic and the uncertainty of the external environment as well as other factors, under absent of floods and other extensive, extreme climate changes, it is expected that in 2021, total electricity consumption nationwide will increase by 6% to 7%, newly installed power generation capacity for infrastructure construction will be approximately 180 million kilowatts, and utilization hours of thermal generating units will be generally consistent with or slightly lower than that in 2020.

In the coal market, the increase in electricity consumption in the whole society in 2021 may lead to increase in coal demand, while under the influence of policies such as carbon peaking and carbon neutrality, the increase in the proportion of clean energy may offset part of the increase in coal demand. As a result, the overall coal consumption level is expected to increase slightly from last year. In terms of supply, entering the "14th Five-Year Plan" period, the coal industry's capacity reduction task has been basically completed, and the continued orderly release of advanced production capacity will maintain the supply of coal at a relatively good level, and imported coal will continue to play a complementary role to domestic coal. Overall, in 2021, both ends of the supply and demand of China's coal market will see a certain growth, the fundamentals will be in a balanced state, and the price center of thermal coal will move up slightly from 2020.

In terms of the capital market, the central bank's monetary policy will maintain continuity, stability, and sustainability in 2021, and the prudent monetary policy adopted will be more flexible, accurate, reasonable and appropriate, with the objective to maintain reasonable and sufficient liquidity, and maintain the growth rate of the money supply and the scale of social financing basically matching the nominal economic growth rate. It is expected that the capital market interest rate will basically remain stable in 2021.

E. PERFORMANCE OF SIGNIFICANT INVESTMENTS AND THEIR PROSPECTS

The Company acquired 25% equity interest in Shenzhen Energy Group for RMB2.39 billion on April 22, 2003. In 2011, Shenzhen Energy Group divided into a remainder company of the same name and a new company Shenzhen Energy Management Company ("SE Management"), and the Company holds 25% equity interests in each of the two successors. The Company acquired 200 million shares from Shenzhen Energy, a subsidiary of Shenzhen Energy Group in December 2007. Shenzhen Energy allotted shares with its capital surplus in 2011. In February 2013, Shenzhen Energy merged SE Management through the combination of directional seasoned offering and cash payment to shareholders of SE management, Shenzhen State-owned Assets Administration Commission and the Company. After the merger, the Company held 661 million shares of Shenzhen Energy, representing 25.02% of its equity interests. In 2020, Shenzhen Energy distributed RMB0.50 of cash dividend and 2 dividend shares out of every 10 shares to its shareholders, and the Company held 1,190 million shares of Shenzhen Energy by 31 December 2020. These investments brought a net profit attributable to the equity and perpetual corporate bonds holders of the Company of RMB1,009 million for the year ended 31 December 2020 under IFRS. This investment is expected to provide steady returns to the Company.

The Company held 60% direct equity interest in Sichuan Hydropower as of 31 December 2006. In January 2007, Huaneng Group increased its capital investment in Sichuan Hydropower by RMB615 million, thus reducing the Company's equity interest in Sichuan Hydropower to 49% and making Huaneng Group the controlling shareholder of Sichuan Hydropower. This investment brought a net profit attributable to the equity and perpetual corporate bonds holders of the Company of RMB143 million for the year ended 31 December 2020 under IFRS.

This investment is expected to provide steady returns to the Company.

F. EMPLOYEE BENEFITS

As of 31 December 2020, the Company and its subsidiaries had 57,874 employees within and outside the PRC. The Company and its subsidiaries provide employees with competitive remuneration and linked such remuneration to operating results to provide incentives for the employees. Currently, the Company and its subsidiaries do not have any stock or option based incentive plan.

Based on the development plans of the Company and its subsidiaries and the requirements of individual positions, together with consideration of specific characteristics of individual employees, the Company and its subsidiaries tailored various training programs for their employees on management, technology and the skills. These programs enhanced the comprehensive skills of the employees.

G. GUARANTEE FOR LOANS AND RESTRICTED ASSETS

As of 31 December 2020, the Company provides guarantee to long-term bank loans of Tuas Power Ltd of RMB7.053 billion (2019: RMB12.418 billion).

As of 31 December 2020, pledge and mortgage loans of the Company were RMB11.105 billion.

As of 31 December 2020, short-term loans of RMB1,317 million (2019: RMB659 million) represented the notes receivable that were discounted with recourse. As these notes receivable had not yet matured, the proceeds received were recorded as short-term loans.

As of 31 December 2020, long-term loans of RMB3.322 billion (2019: RMB3.586 billion) of the Company and its subsidiaries were secured by certain property, plant and equipment with net book value of approximately RMB3.400 billion (2019: RMB4.913 billion).

As of 31 December 2020, long-term loans of approximately RMB7.435 billion (2019: RMB7.287 billion) were secured by future electricity revenue of the Company and its subsidiaries.

As of 31 December 2020, the restricted bank deposits of the Company and its subsidiaries were RMB614 million (2019: RMB863 million).

H. ACCOUNTING STANDARDS HAVING MATERIAL IMPACT ON THE COMPANY'S FINANCIAL STATEMENTS

For the accounting standards that have a material impact on the Company's financial statements, please refer to the Note 2 to the financial statements prepared in accordance with IFRS.

I. RISK FACTORS

1. Risks relating to COVID-19

Although the COVID-19 epidemic has been effectively controlled, there is still the risk of localized and seasonal outbreaks, which may have a certain impact on the macro economy, electricity demand, project construction, coal production, and transportation.

The company will strictly implement normalized COVID-19 prevention and control measures, and strictly implement emergency plans to ensure that risks in relation to personnel safety, power production, project construction, material supply, and fuel supply are controllable and under control.

2. Risks relating to industry and market of electricity

Firstly, with the introduction of carbon peak and carbon neutral targets and related policies in China and other countries around the world, the planning and commissioning of a large number of new energy projects in the future will have a direct impact on the traditional thermal power business. Unit utilization hours may continue to decline, and we may be forced to shut down some small units as results of policy requirements and actual operation conditions. Other related policies restricting thermal power may also have a negative impact on the company's domestic and overseas thermal power business.

Secondly, the positioning of coal-fired power plants in China will gradually shift from electricity-based power sources to power-adjusted power sources. At present, the lack of a capacity recovery cost mechanism, the imperfection of the auxiliary service market, and the unilateral price reduction of the electricity market have restricted the effective channeling of power generation costs and increased the operating risks of the thermal power business.

Thirdly, in the future, some regions in China will implement a more stringent "control on the volume and intensity of energy consumption" policy, pursuant to which some high-energy-consuming users will be limited in power consumption, and the total amount of regional coal consumption will be limited, which will continue to affect thermal power generation.

Fourthly, as the reform process of China's power market is further accelerated, the scale of direct transactions continues to expand, spot market pilots are fully promoted, and new energy sources have begun to achieve parity and enter the market, UHV transmission will have an impact on the power market in developed regions, expected to cause more intense market competition. At the same time, the proportion of the company's market transaction electricity will continue to expand, and there is a downside risk in the settlement of electricity prices.

The Company will use coal-fired power as a stabilizer and ballast for power supply, while accelerating the leapfrog development of new energy and optimizing, adjusting the company's energy structure, accelerate the optimization and upgrading of coal power structure, and through elimination, replacement and transformation, push development of clean and efficient coal power, flexible peak shaving, heat, power and cooling polygeneration, sludge coupling power generation, and integrated energy services. The Company plans to actively participate in market construction and play a role in stabilizing the market.

3. Risks relating to fuel procurement market

The first risk relates to the domestic coal market. The safety supervision and environmental protection policies of the main coal producing areas, mine disasters, and severe weather have a great impact on coal supply. At the same time, large coal companies have merged and reorganized, with coal production capacity continuing to be concentrated in Shanxi, Shaanxi, West of Inner Mongolia and other regions, further weakening the bargaining capability of thermal power companies.

The second risk relates to the international coal market. After the initial production cut, the supplementary function of the domestic market may be passively reduced.

Thirdly, in 2021, with the recovery of the global economy, China's macro-economy continued to improve, and coal consumption will be relatively large, which had a greater impact on the supply of thermal coal. At the same time, with the rapid development of clean energy, the peak shaving role of thermal power has been further strengthened, coupled with the advancement of the power spot market, it has become more difficult to forecast the demand of power generation, and the uncertainty of fuel procurement has increased.

The Company will closely follow changes in the coal market, strengthen the interpretation and judgment of policies and market conditions, continue to improve the company's fuel intensification and lean management and control capability, build a long-term stable supplier team, tap the source of resources, reduce procurement costs, and ensure fuel stability supply.

4. Risks relating to environmental protection policies

The newly-built units of the Company's coal-fired power plants are equipped with advanced technology and powerful flue gas purification systems. Other units have also completed ultra-low emission retrofits in accordance with the requirements of the Chinese government, which made them adaptable to fluctuations in weather conditions, fuel quality, electric heating load, etc. Our units has passed the inspection of the local environmental protection department, and has been recognized by the energy regulatory agency. According to the current status and needs of ecological civilization construction, the Chinese government is constantly improving and deepening environmental protection policies in key areas including but not limited to the Beijing-Tianjin-Hebei, Yangtze River Economic Belt, and Pearl River Delta, and proposes new, more stringent measures in water protection and dust control. The Company's departments at all levels are taking measures to carefully study and judge the trend of social public opinion, actively follow up the concerns of environmental protection departments, carefully select advanced and applicable technical solutions, and have reached achievements on the improvement of the wastewater treatment system, build closed facilities for coal yards, and improve the integration of ash and slag, with various environmental risks responded to and effectively resolved in a timely manner.

5. Interest rate risks

In terms of the capital market, the central bank's monetary policy will maintain continuity, stability, and sustainability in 2021, and the prudent monetary policy adopted will be more flexible, accurate, reasonable and appropriate, with the objective to maintain reasonable and sufficient liquidity, and maintain the growth rate of the money supply and the scale of social financing basically matching the nominal economic growth rate. It is expected that the capital market interest rate will basically remain stable in 2021. Given the Company has incurred only a relative small amount of debts denominated in foreign currencies, the fluctuation in interests applicable to foreign currencies do not have material impact on the Company as a whole.

The company will pay close attention to changes in domestic and foreign capital markets, and on the premise of ensuring capital demand, timely adjust financing strategies, rationally select financing varieties, reduce the risk of interest rate fluctuations, and strive to control financing costs.

STRUCTURE OF SHARE CAPITAL

As at 31 December 2020, the entire issued share capital of the Company amounted to 15,698,093,359 shares, of which 10,997,709,919 shares were domestic shares, representing 70.06% of the total issued share capital, and 4,700,383,440 shares were foreign shares, representing 29.94% of the total issued share capital of the Company. In respect of foreign shares, Huaneng Group through its wholly-owned subsidiaries China Hua Neng Group Hong Kong Limited and China Huaneng Group Treasury Management (Hong Kong) Limited, held 472,000,000 and 131,596,000 shares, representing 3.01% and 0.84% of the total issued share capital of the Company, respectively. In respect of domestic shares, Huaneng International Power Development Corporation ("HIPDC") owned a total of 5,066,662,118 shares, representing 32.28%of the total issued share capital of the Company, while Huaneng Group held 1,555,124,549 shares, representing 9.91% of the total issued share capital of the Company, and held 61,194,199 shares through its controlling subsidiary, China Huaneng Finance Corporation Limited, representing 0.39% of the total issued share capital of the Company. Other domestic shareholders held a total of 4,314,729,053 shares, representing 27.49% of the total issued share capital.

DIVIDENDS

Since the listing of the Company, shareholders have given great support to and cared much for the Company. The Company has also generated returns that have been growing continuously and steadily over the years. The Company has been paying dividends to shareholders every year since 1998, with an accumulated dividend of RMB59.862 billion paid.

The Company's articles clearly defines the Company's cash dividend policy, i.e. when the Company's earnings and accumulative undistributable profits for the current year are positive, and on condition that the Company's cash flow can satisfy the Company's normal operation and sustainable development, the Company shall adopt a cash dividend appropriation policy on the principle that the cash dividend payout will not be less than 50% of the distributable profit realized in the then year's consolidated financial statement.

In the future, the Company will continue to follow a proactive, balanced and stable dividend policy and persistently enhance its profitability, striving for realization of increasing returns to shareholders.

In accordance with the requirements of relevant laws and regulations and the articles of association of the Company, the Company adheres to the profit distribution policy whereby the distributable profits shall be the lower of distributable profits as stated in the financial statements prepared under the PRC GAAP and the International Financial Reporting Standards.

With respect to the dividend distribution plan for 2020, the Company proposed to declare a cash dividend of RMB0.18 (inclusive of tax) for each share to all shareholders. All dividends payable to shareholders will be subject to shareholders' approval at the annual general meeting of the Company. Subject to the passing of the distribution plan at the annual general meeting, the Company expects to complete the final dividend payment on or before 31 August 2021.

As the Company has yet to confirm the date of the 2020 annual general meeting, the record date(s) for determining the eligibility to attend and vote at the 2020 annual general meeting and the entitlement to the final dividend and the period(s) for closure of register, the Company will upon confirmation thereof announce such details in the notice of the 2020 annual general meeting. Such notice is expected to be issued to shareholders in late April or early May 2021.

In accordance with the "Enterprise Income Tax Law of China" and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H share of the Company when distributing final dividends to them. For H shares of the Company registered other than in the name(s) of individual(s), including HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups, shall be deemed to be shares held by non-resident enterprise shareholder(s). On that basis, enterprise income tax shall be withheld from dividends payable to such shareholder(s).

The Company shall comply with the relevant rules and regulations to withhold and pay enterprise income tax on behalf of the relevant shareholders with reference to the register of members of the Company as of the record date.

In 2018, in order to allow all shareholders to better share the development results of the Company, after considering the Company's strategic planning and development targets, industry development trends and other factors, the Company decided to further increase the proportion of cash dividends to investors in the next three years from 2018, and accordingly formulated the Shareholders Return Plan for the Next Three Years (2018 to 2020) of Huaneng Power International, Inc. according to relevant regulations. During the period, when the profit and accumulated undistributed profits in the current year are positive, and on condition that the Company's cash flow is able to meet the need for its ordinary operation and sustainable development, the Company shall distribute dividends in cash and the annual cash dividend payout shall, in principle, be no less than 70% of the realised distributable profits stated in the consolidated financial statement that year and such dividend shall be no less than RMB0.1 per share.

PRE-EMPTIVE RIGHTS

According to the articles of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings.

LARGEST SUPPLIERS AND CUSTOMERS

The five largest suppliers of the Company and its subsidiaries for 2020 were China Huaneng Group Fuel Co., Ltd., Shanxi Yangquan Coal Industry (Group) Company Limited, Envision Energy Co., Ltd., China National Coal Group Corporation and Shaanxi Coal Selling and Transportation (Group) Corporation respectively. The total purchase from them amounted to approximately RMB59.087 billion, representing approximately 47.66% of the total purchase of the year. The largest supplier was China Huaneng Group Fuel Co., Ltd., the purchase from which amounted to RMB36.132 billion, representing approximately 29.14% of the total purchase of the year.

As a domestic power producer, the Company sells the electricity generated by its power plants mainly through local grid operators. The five largest customers of the Company and its subsidiaries for 2020 were State Grid Shandong Electric Power Company, State Grid Jiangsu Electric Power Company, State Grid Zhejiang Electric Power Company, China Southern Power Grid Guangdong Power Grid Co., Ltd. and State Grid Jiangxi Electric Power Company. The combined amount of sales of power was approximately RMB66.282 billion, representing approximately 39.12% of the total sales of power for the year. The largest customers was State Grid Shandong Electric Power Company, and the amount of sale was RMB27.266 billion, representing approximately 16.09% of the total sales of power for the year.

None of the directors, supervisors and their respective close associates (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) had any interest in the five largest suppliers and customers of the Company mentioned above in 2020.

BUSINESS COMPETITION WITH CONTROLLING SHAREHOLDERS

The ultimate controlling shareholder of the Company, Huaneng Group and its subsidiaries, are also engaged in the power industry in China. To avoid business competition, Huaneng Group and the Company have already entrusted mutually to manage electric power assets in some regions.

To support the business development of the Company, Huaneng Group has committed to avoid business competition during its initial public offerings at home and abroad.

On 17 September 2010, the Company received an undertaking from Huaneng Group regarding further avoidance of business competition. On the premises of continuing the undertaking previously provided, Huaneng Group further undertook that: (1) it should treat the Company as the only platform for integrating the conventional energy business of Huaneng Group; (2) with respect to the conventional energy business assets of Huaneng Group located in Shandong Province, Huaneng Group undertook that it would take approximately 5 years to improve the profitability of such assets and when the terms become appropriate, it would inject those assets into the Company.

The Company had a right of first refusal to acquire from Huaneng Group the newly developed, acquired or invested projects which are engaged in the conventional energy business of Huaneng Group located in Shandong Province; (3) with respect to the other non-listed conventional energy business assets of Huaneng Group located in other provincial administrative regions, Huaneng Group undertook that it would take approximately five years, and upon such assets meeting the conditions for listing, to inject such assets into the Company, with a view to supporting the Company's continuous and stable development; and (4) Huaneng Group would continue to perform each of its undertakings to support the development of its listed subsidiaries.

On 28 June 2014, with a view to further clarify the scope of the relevant agreement and in line with the requirements under the "Regulatory Guidelines for Listed Companies No. 4 – Undertakings and performance by Listed Companies and Listed Companies' de facto Controllers, Shareholders, Related Parties and Acquirers", and taking into account the actual situation, Huaneng Group further enhanced the aforesaid non-compete undertaking as follows: 1. the Company would be the sole platform for integrating the conventional energy business of Huaneng Group; 2. with respect to the conventional energy business assets of Huaneng Group located in Shandong Province, Huaneng Group undertook that it would, by the end of 2016, inject into the Company such assets of which the profitability should have been improved and meet with the requirements for injecting into a listed company (such as those assets with clean titles, the injection of which should not reduce the earnings per share of Huaneng Power, of no material non-compliance issues, with positive effect on preservation of and value appreciation of state owned assets, and wavier of pre-emptive rights being obtained from other shareholders of the assets), in addition, the Company should have the right of first refusal to acquire from Huaneng Group the newly developed, acquired or invested projects as engaged in the conventional energy business of Huaneng Group located in Shandong Province; 3. with respect to the other non-listed conventional energy business assets of Huaneng Group located in other provincial administrative regions, Huaneng Group undertook that it would, by the end of 2016, inject into the Company such assets of which the profitability should have been improved and meet with the requirements for injecting into a listed company (such as those assets with clear titles, the injection of which should not reduce the earnings per share of Huaneng Power, of no material non-compliance issues, with positive effect on preservation of and value appreciation of state owned assets, and wavier of pre-emptive rights being obtained from other shareholders of the assets), so as to support a sustainable and stable development of the Company; 4. Huaneng Group would continue to perform each of its aforesaid undertakings in order to support the development of its subordinated listed companies. The period of the undertaking was from 28 June 2014 to 31 December 2016.

The items (1) and (4) above are long term undertaking and are being currently performed. The Items (2) and (3) are undertakings with terms and condition and have been currently performed.

Currently, the Company has 15 directors and only 4 of them have positions in Huaneng Group. According to the articles of association of the Company, in case a conflict of interest arises, the relevant directors shall abstain from voting in the relevant resolutions. Therefore, the operation of the Company is independent from Huaneng Group, and the operation of the Company is conducted for its own benefit.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

The Company and its subsidiaries did not sell, purchase or redeem any shares or other securities of the Company in 2020.

DIRECTORS OF THE COMPANY

The directors of the Company during the year were as follows:

Name of Director	Position	Date of appointment
Shu Yinbiao	Honorary Chairman	Appointed on 5 March 2020
Zhao Keyu	Chairman	Appointed on 5 March 2020
Zhao Ping	Director	Appointed on 16 June 2020
Huang Jian	Director	Appointed on 27 August 2008
Wang Yongxiang	Director	Appointed on 13 June 2017
Wang Kui	Director	Appointed on 16 June 2020
Lu Fei	Director	Appointed on 16 June 2020
Teng Yu	Director	Appointed on 16 June 2020
Mi Dabin	Director	Appointed on 18 September 2014
Guo Hongbo	Director	Appointed on 21 February 2012
Li Haifeng	Director	Appointed on 22 December 2020
Cheng Heng	Director	Appointed on 13 June 2017
Lin Chong	Director	Appointed on 13 June 2017
Yue Heng	Independent Director	Appointed on 18 September 2014
Xu Mengzhou	Independent Director	Appointed on 23 June 2016
Liu Jizhen	Independent Director	Appointed on 13 June 2017
Xu Haifeng	Independent Director	Appointed on 13 June 2017
Zhang Xianzhi	Independent Director	Appointed on 13 June 2017
Xia Qing	Independent Director	Appointed on 16 June 2020

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

On 31 March 2009, the Company's Board considered and approved the Amended Management Guidelines Regarding the Holding of the Company's Shares by the Directors, Supervisors and Senior Management of Huaneng Power International, Inc. The standard of such guidelines is no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Enquiries have been made with all Directors and Supervisors and all of them confirmed that they have complied with the code throughout 2020.

DIRECTORS', CHIEF EXECUTIVES' AND SUPERVISORS' RIGHT TO PURCHASE SHARES

For the year ended 31 December 2020, none of the Directors, Chief Executives, Supervisors of the Company or their respective associates had any interests in the shares of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which are (a) required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; (c) 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.

For the year ended 31 December 2020, none of the Directors, Chief Executives, Supervisors, senior management of the Company or their spouses and children under the age of 18 was given the right to acquire any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of the SFO).

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS AND SERVICE CONTRACTS

Save for the service contracts mentioned below, as at the end of 2020, the Directors and Supervisors of the Company did not have any material interests in any contracts entered into by the Company.

No Director and Supervisor has entered into any service contract which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

Each and every Director and Supervisor of the Company have entered into a service contract with the Company for a term of three years commencing from the signing of the contract.

INDEPENDENT DIRECTORS' CONFIRMATION OF INDEPENDENCE

Each of the independent directors of the Company, namely Mr. Xu Mengzhou, Mr. Liu Jizhen, Mr. Xu Haifeng, Mr. Zhang Xianzhi and Mr. Xia Qing has signed a confirmation letter by independent non-executive directors for 2020 on 22 March 2021 and the Company considers them to be independent.

PUBLIC FLOAT

As at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules and as agreed with the Hong Kong Stock Exchange, based on the information that is publicly available to the Company and within the knowledge of the directors.

SHAREHOLDINGS OF MAJOR SHAREHOLDERS

The following table sets out the shareholdings of the top ten shareholders of the Company as at 31 December 2020:

Name of shareholder	**Number of Shares held at year end**	**Percentage of Shareholding** *(%)*
Huaneng International Power Development Corporation	5,066,662,118	32.28%
HKSCC Nominees Limited	4,105,225,522	26.15%
China Huaneng Group Co., Ltd	1,555,124,549	9.91%
Hebei Construction & Investment Group Co., Ltd.	527,548,946	3.36%
China Securities Finance Corporation Limited	492,186,504	3.14%
China Hua Neng Group Hong Kong Limited	472,000,000	3.01%
Jiangsu Guoxin Investment Group Limited	416,550,000	2.65%
Liaoning Energy Investment (Group) Limited Liability Company	284,204,999	1.81%
Fujian Investment & Development Group Co., Ltd.	251,814,185	1.60%
Hong Kong Securities Clearing Company Limited	167,680,317	1.07%

REMUNERATION POLICY

The Company unceasingly improves its remuneration and distribution system and, in accordance with the overall development strategy of the Company, has formulated a set of remuneration management rules. Employees' salaries are determined by reference to the job positions they hold and calculated based on their job performance. Giving consideration to both efficiency and fairness, the Company creates a methodic and effective incentive mechanism by linking the employees' remuneration with their personal performance and the business performance of the Company as well. The remuneration of the Directors, Supervisors and senior management of the Company mainly consists of the following:

(1) Salaries and allowances

The basic salary is mainly set by an evaluation of the job position and a factor analysis, and with reference to the salary level of the relevant position in the labor market. It accounts for about 19% of the total remuneration.

(2) Discretionary bonus

Discretionary bonus is based on the operating results of the Company, the performance of the Directors, Supervisors and senior management. It accounts for about 69% of the total remuneration.

(3) Payments on pension, etc.

Contributions for various pension schemes such as endowment insurance, corporate annuity and housing fund established by the Company for the Directors, Supervisors and senior management accounts for about 12% of the total remuneration.

According to the resolution at the general meeting, the Company paid each independent director a subsidy amounting to RMB300,000 (inclusive of tax) in 2020. The Company also reimburses the independent director for the expenses they incur in attending board meetings and general meetings and other reasonable expenses they incur while fulfilling their obligations under the Company Law and the Company's Articles of Association (including travelling expenses and administrative expenses). Besides these, the Company does not give the independent director any other benefit.

STAFF HOUSING

According to the relevant regulations of the state and local governments, the Company established a housing fund for the employees of the subsidiaries of the Company.

STAFF MEDICAL INSURANCE SCHEME

According to the requirements as prescribed by the relevant local governments, the Company and its subsidiaries have joined medical insurance schemes for their staff, and have implemented effectively in accordance with the plan.

RETIREMENT SCHEMES

The Company and its subsidiaries have implemented specified retirement contribution schemes in accordance with relevant requirements of the state and local governments.

Pursuant to the specified retirement contribution schemes, the Company and its subsidiaries have paid contributions according to the contracted terms and obligations set out in the publicly administered retirement insurance plans. The Company has no other obligations to pay further contributions after paying the prescribed contributions. The contributions payable from time to time will be regarded as expenses for the period and capital construction expenditure during the year they are made and accounted for as labor cost.

GENERAL MEETINGS

During the reporting period, the Company convened one annual general meeting and two extraordinary general meetings.

1. The Company's 2019 Annual General Meeting was held on 16 June 2020. The resolutions passed at the meeting were published in China Securities Journal and Shanghai Securities News on 17 June 2020.

2. The Company's 2020 First Extraordinary General Meeting was held on 5 March 2020. The resolutions passed at the meeting were published in China Securities Journal and Shanghai Securities News on 6 March 2020.

3. The Company's 2020 Second Extraordinary General Meeting was held on 22 December 2020. The resolutions passed at the meeting were published in China Securities Journal and Shanghai Securities News on 23 December 2020.

DISCLOSURE OF MAJOR EVENTS

1. The Change of the Chairman of the Company and the Appointment of the Honorary Chairman

The "Proposal on the Election of the Chairman of the Board of Directors and Chairman of the Strategy Committee of the Board of Directors of the Company and the Appointment of the Honorary Chairman" was considered at the meeting of the Board of Directors of the Company convened on 5 March 2020, whereby the election of Mr. Zhao Keyu as the Chairman of the ninth session of the Board of Directors and the chairman of the Strategy Committee of the Board of Directors of the Company was approved. Mr. Shu Yinbiao was appointed as the honorary chairman of the Company.

2. Completion of re-election of the Board of Directors and the Supervisory Committee of the Company

Upon approval and consideration at the Board meeting held by the Company on 31 March 2020 and the annual general meeting held on 16 June 2020, the Company completed the election on change of session of each of the Board of Directors and the Supervisory Committee. Members of the new session of the Board of Directors of the Company are as follows: Zhao Keyu (Chairman), Zhao Ping, Huang Jian, Wang Kui, Lu Fei, Teng Yu, Mi Dabin, Cheng Heng, Guo Hongbo, Lin Chong, Xu Mengzhou, Liu Jizhen, Xu Haifeng, Zhang Xianzhi and Xia Qing. Among which, Xu Mengzhou, Liu Jizhen, Xu Haifeng, Zhang Xianzhi and Xia Qing are Independent Directors. Members of the new session of the Supervisory Committee of the Company are as follows: Li Shuqing (Chairman of the Supervisory Committee), Mu Xuan (Vice Chairman of the Supervisory Committee), Ye Cai, Gu Jianguo, Zhang Xiaojun and Xu Jianping. On 22 December 2020, upon approval and consideration at the general meeting, Mr Li Haifeng was appointed as the Director of the Company and Mr Guo Hongbo ceased to hold any relevant positions.

3. Adjustment to the management of the Company

On 5 March 2020, Mr Zhao Ping was appointed as the president of the Company and Mr Zhao Keyu resigned as the president of the Company due to work reason.

On 22 February 2021, Mr. Duan Rui was appointed as the secretary of the Discipline Inspection Commission of the Company.

On 20 January 2020, Mr Huang Chaoquan was appointed as the vice president of the Company.

On 22 May 2020, Mr Liu Wei was appointed as the chief engineer of the Company and Mr Chen Shuping was appointed as the vice president of the Company.

On 18 August 2020, Mr Fu Qiyang was appointed as the chief economist of the Company.

On 17 November 2020, Mr Wu Senrong ceased to be the vice president of the Company due to work reason.

On 26 October 2020, Mr Li Jianmin ceased to be the vice president of the Company due to work reason.

On 22 February 2021, Mr Liu Ranxing ceased to be the vice president of the Company due to work reason.

CODE OF CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The annual report of the Company will contain a corporate governance report prepared in accordance with the requirements under the Listing Rules.

DESIGNATED DEPOSIT

As at 31 December 2020, the Company and its subsidiaries did not have any designated deposit with any financial institutions within the PRC nor any overdue fixed deposit which could not be recovered.

DONATION

During the reporting period, the payment for donation made in name of the Company within China for poverty alleviation amounted to RMB27.319 million.

LEGAL PROCEEDINGS

As at 31 December 2020, the Company and its subsidiaries were not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company and its subsidiaries.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER

As the Company has yet to confirm the date of the 2020 annual general meeting, the record date(s) for determining the eligibility to attend and vote at the 2020 annual general meeting and the entitlement to the final dividend and the period(s) for closure of register, the Company will upon confirmation thereof announce such details in the notice of the 2020 annual general meeting. Such notice is expected to be issued to shareholders in April 2021.

AUDITORS

As approved at the 2019 annual general meeting, Ernst & Young Hua Ming LLP was appointed as the Company's domestic and U.S. 20F Annual Report auditor for 2020, and Ernst & Young, registered public interest entity auditor, was appointed as the Hong Kong auditor of the Company for 2020.

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

This announcement of 2020 annual results of the Company is published on the Hong Kong Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.hpi.com.cn). The 2020 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

REQUIREMENTS UNDER THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINES

In 2020, in accordance with the requirements under the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, the Company has completed the preparation and disclosure of the Environmental, Social and Governance Report in due time and accordingly further improved its corporate image in capital market. The Environmental, Social and Governance Report of the Company for 2020 will be published on the websites of the Company and the Hong Kong Stock Exchange, respectively in April 2021.

DOCUMENTS FOR INSPECTION

The Company's report on interim results and the annual report (A share version and H share version) was published in August 2020 and will be published in April 2021, respectively. As required by the United States securities laws, the Company will file an annual report in Form 20-F with the Securities and Exchange Commission of the U.S. before 30 April 2021. As the Company's A shares have already been issued and listed, the Company shall, in compliance of the relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange, prepare quarterly reports. Copies of the interim and annual reports as well as the Form 20-F, once filed, will be available at:

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Huaneng Building
6 Fuxingmennei Street
Xicheng District
Beijing
The People's Republic of China

Tel: (8610) 6322 6999
Fax: (8610) 6322 6888
Website: http://www.hpi.com.cn

Hong Kong:	Wonderful Sky Financial Group Limited 9th Floor, The Centre 99 Queen's Road Central Hong Kong Tel: (852) 2851 1038 Fax: (852) 2815 1352
The Company's website:	http://www.hpi.com.cn

By Order of the Board
Huaneng Power International, Inc.
Zhao Keyu
Chairman

As at the date of this announcement, the directors of the Company are:

Zhao Keyu
(Executive Director)
Zhao Ping
(Executive Director)
Huang Jian
(Non-executive Director)
Wang Kui
(Non-executive Director)
Lu Fei
(Non-executive Director)
Teng Yu
(Non-executive Director)
Mi Dabin
(Non-executive Director)
Cheng Heng
(Non-executive Director)
Li Haifeng
(Non-executive Director)
Lin Chong
(Non-executive Director)

Xu Mengzhou
(Independent Non-executive Director)
Liu Jizhen
(Independent Non-executive Director)
Xu Haifeng
(Independent Non-executive Director)
Zhang Xianzhi
(Independent Non-executive Director)
Xia Qing
(Independent Non-executive Director)

Beijing, the PRC
24 March 2021

A. FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

1 Prepared in accordance with International Financial Reporting Standards Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020
(Amounts expressed in thousands of RMB, except per share data)

	Note	For the year ended 31 December **2020**	2019
Operating revenue	*3*	**169,446,338**	174,009,401
Tax and levies on operations		**(1,794,004)**	(1,832,975)
Operating expenses			
Fuel		**(88,966,304)**	(97,686,799)
Maintenance		**(5,001,982)**	(4,606,171)
Depreciation		**(22,146,316)**	(21,864,903)
Labour		**(14,503,290)**	(13,514,752)
Service fees on transmission and transformer facilities of HIPDC		**(95,894)**	(95,067)
Purchase of electricity		**(4,720,261)**	(5,151,578)
Others	*12*	**(20,300,072)**	(16,879,425)
Total operating expenses		**(155,734,119)**	(159,798,695)
Profit from operations		**11,918,215**	12,377,731

	Note	For the year ended 31 December 2020	2019
Interest income		**292,724**	264,554
Financial expenses, net			
Interest expense		**(9,200,612)**	(10,762,718)
Exchange gain/(loss) and bank charges, net		**100,643**	(210,422)
Total financial expenses, net		**(9,099,969)**	(10,973,140)
Share of profits less losses of associates and joint ventures		**1,774,322**	1,185,622
(Loss)/gain on fair value changes of financial assets/liabilities	*12*	**(1,566)**	36,667
Other investment (loss)/income		**(109,990)**	228,026
Profit before income tax expense	*12*	**4,773,736**	3,119,460
Income tax expense	*4*	**(2,163,173)**	(2,011,255)
Net profit		**2,610,563**	1,108,205

	For the year ended 31 December	
	2020	2019
Other comprehensive (loss)/income, net of tax		
Items that will not be reclassified to profit or loss in subsequent periods:		
Fair value changes of other equity instrument investments	**(175,984)**	(61,652)
Share of other comprehensive (loss)/income of joint ventures and associates	**(178,501)**	367,528
Income tax effect	**43,996**	15,413
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive (loss)/ income of joint ventures and associates	**(4,348)**	1,168
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	**(166,323)**	264,691
Reclassification adjustments for losses/(gains) included in profit or loss	**414,821**	(119,793)
Exchange differences on translation of foreign operations	**(862,454)**	128,494
Income tax effect	**(42,245)**	(24,962)
Other comprehensive (loss)/income, net of tax	**(971,038)**	570,887
Total comprehensive income	**1,639,525**	1,679,092

	Note	For the year ended 31 December 2020	2019
Net profit attributable to:			
– Equity holders of the Company		**2,377,851**	766,345
– Non-controlling interests		**232,712**	341,860
		2,610,563	1,108,205
Total comprehensive income attributable to:			
– Equity holders of the Company		**1,599,471**	1,498,013
– Non-controlling interests		**40,054**	181,079
		1,639,525	1,679,092
Earnings per share attributable to the shareholders of the Company ***(expressed in RMB per share)***			
– Basic and diluted	*13*	**0.04**	0.01

Consolidated Statement of Financial Position

As at 31 December 2020

(Amounts expressed in thousands of RMB)

		As at 31 December	
	Note	**2020**	2019
ASSETS			
Non-current assets			
Property, plant and equipment		**300,171,142**	285,622,907
Right-of-use assets		**18,292,074**	17,168,072
Investments in associates and joint ventures		**22,375,377**	20,783,259
Investment properties		**647,471**	671,710
Other equity instrument investments		**664,946**	779,218
Power generation licenses		**3,954,983**	4,149,468
Mining rights		**1,611,486**	1,577,505
Deferred income tax assets		**2,699,395**	2,160,187
Derivative financial assets		**74,554**	16,376
Goodwill		**14,738,016**	15,934,955
Other non-current assets	*5*	**18,537,583**	18,605,005
Total non-current assets		**383,767,027**	367,468,662
Current assets			
Inventories		**6,602,459**	8,883,183
Other receivables and assets		**7,308,077**	6,217,763
Accounts and notes receivable	*6*	**38,215,715**	32,268,939
Contract assets		**29,678**	30,466
Derivative financial assets		**110,179**	74,911
Bank balances and cash		**13,871,523**	13,306,139
Total current assets		**66,137,631**	60,781,401
Total assets		**449,904,658**	428,250,063

	Note	As at 31 December 2020	2019
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the Company			
Share capital		**15,698,093**	15,698,093
Other equity instruments	*10*	**48,419,779**	25,127,821
Capital surplus		**26,162,550**	26,215,137
Surplus reserves		**8,140,030**	8,140,030
Currency translation differences		**(738,927)**	(54,812)
Retained earnings		**32,164,398**	33,677,466
		129,845,923	108,803,735
Non-controlling interests		**21,770,275**	21,575,311
Total equity		**151,616,198**	130,379,046
Non-current liabilities			
Long-term loans		**112,077,395**	115,364,598
Long-term bonds	*8*	**20,382,405**	28,487,115
Lease liabilities		**3,805,635**	4,279,925
Deferred income tax liabilities		**3,002,527**	3,137,791
Derivative financial liabilities		**188,139**	200,408
Other non-current liabilities		**4,784,268**	4,780,770
Total non-current liabilities		**144,240,369**	156,250,607
Current liabilities			
Accounts payable and other liabilities	*9*	**42,755,361**	37,270,081
Contract liabilities		**2,903,296**	2,706,529
Taxes payable		**2,044,869**	2,101,617
Dividends payable		**694,854**	1,191,036
Derivative financial liabilities		**106,862**	250,300
Short-term bonds		**5,002,877**	9,025,535
Short-term loans		**66,311,160**	67,119,368

	Note	As at 31 December 2020	2019
Current portion of long-term loans		**19,808,313**	18,658,114
Current portion of long-term bonds	*8*	**12,678,511**	2,799,808
Current portion of lease liabilities		**1,676,711**	432,745
Current portion of other non-current liabilities		**65,277**	65,277
Total current liabilities		**154,048,091**	141,620,410
Total liabilities		**298,288,460**	297,871,017
Total equity and liabilities		**449,904,658**	428,250,063

NOTES TO THE FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS PREPARED UNDER IFRS

(Amounts expressed in thousands of RMB unless otherwise stated)

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial assets and liabilities.

As at 31 December 2020, the Group had net current liabilities of approximately RMB87.91 billion, and a portion of the Group's funding requirements for capital expenditures were satisfied by short-term financing. Taking into consideration the undrawn available banking facilities of approximately RMB305.1 billion as at 31 December 2020, the Group is expected to refinance certain of its short-term loans and bonds and also to consider alternative sources of financing, where applicable and when needed.

Therefore, the directors of the Company are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months and accordingly, these consolidated financial statements are prepared on a going concern basis.

2 Principal accounting policies

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

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRSs are described below:

(i) Conceptual Framework for Financial Reporting 2018

Conceptual Framework for Financial Reporting 2018 (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(ii) Amendments to IFRS 3 Definition of a Business

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(iii) Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any significant impact on the financial position and performance of the Group.

(iv) Amendment to IFRS 16 Covid-19-Related Rent Concessions (early adopted)

Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any impact on the financial position and performance of the Group as there were no lease payments reduced or waived by the lessors as a result of the covid-19 pandemic during the year.

(v) Amendments to IAS 1 and IAS 8 Definition of Material

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that 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. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3 Revenue and segment information

(a) Disaggregation of revenue

In the following table, revenue is disaggregated by major products and/or service lines of revenue recognition. The table also includes a reconciliation of the disaggregated operating revenue to the Group's reportable segments (Note 3(b)).

For the year ended 31 December 2020	PRC power segment	Overseas segment	All other segments	Intersegment revenue	Total
		Note i			
-Sales of power and heat	150,752,779	10,700,000	–	–	161,452,779
-Sales of coal and raw materials	1,857,484	29,780	–	–	1,887,264
-Port service	–	–	510,765	(312,625)	198,140
-Transportation service	–	–	153,679	(102,155)	51,524
-Lease income	86,136	1,544,118	–	–	1,630,254
-Others	1,392,275	2,823,775	26,161	(15,834)	4,226,377
Total	154,088,674	15,097,673	690,605	(430,614)	169,446,338
Revenue:					
-From contracts with customers within the scope of IFRS 15					167,816,084
-From other sources					1,630,254

For the year ended 31 December 2019	PRC power segment	Overseas segment *Note i*	All other segments	Intersegment revenue	Total
-Sales of power and heat	152,806,163	12,129,652	–	–	164,935,815
-Sales of coal and raw materials	1,353,538	527,798	–	–	1,881,336
-Port service	–	–	505,485	(330,272)	175,213
-Transportation service	–	–	166,816	(118,297)	48,519
-Lease income	161,525	1,689,878	–	–	1,851,403
-Others	1,320,409	3,788,133	28,185	(19,612)	5,117,115
Total	155,641,635	18,135,461	700,486	(468,181)	174,009,401
Revenue:					
-From contracts with customers within the scope of IFRS 15					172,157,998
-From other sources					1,851,403

Note i: Overseas segment mainly consists of the operations in Singapore and Pakistan.

The revenue from the sale of power and heat and sale of coal and raw materials is recognised at a point in time upon the transfer of products, whereas the revenue from port service, transportation service, maintenance service, and heating pipeline service is recognised over time during the provision of service.

(b) *Segment information*

Directors and certain senior management of the Company perform the function as the chief operating decision maker (collectively referred to as the "senior management"). The senior management reviews the internal reporting of the Group in order to assess performance and allocate resources. The Company has determined the operating segments based on these reports. The reportable segments of the Group are the PRC power segment, overseas segment and all other segments (mainly including port and transportation operations). No operating segments have been aggregated to form a reportable segment.

Senior management assesses the performance of the operating segments based on a measure of profit before income tax expense under China Accounting Standards for Business Enterprises ("PRC GAAP") excluding dividend income received from other equity instrument investments, share of profits of China Huaneng Finance Co., Ltd ("Huaneng Finance") and operating results of the centrally managed and resource allocation functions of headquarters ("segment results"). Other information provided, except as noted below, to the senior management of the Company is measured under PRC GAAP.

Segment assets exclude prepaid income tax, deferred income tax assets, other equity instrument investments, investment in Huaneng Finance and assets related to the centrally managed and resource allocation functions of the headquarters that are not attributable to any operating segment ("corporate assets"). Segment liabilities exclude current income tax liabilities, deferred income tax liabilities and liabilities related to the centrally managed and resource allocation functions of the headquarters that are not attributable to any operating segment ("corporate liabilities"). These are part of the reconciliation to total assets and liabilities of the statement of financial position.

All sales among the operating segments have been eliminated as internal transactions when preparing consolidated financial statements.

(Under PRC GAAP)

	PRC power segment	Overseas segment	All other segments	Total
For the year ended 31 December 2020				
Total revenue	**154,174,151**	**15,005,045**	**690,605**	**169,869,801**
Intersegment revenue	**–**	**–**	**(430,614)**	**(430,614)**
External revenue	**154,174,151**	**15,005,045**	**259,991**	**169,439,187**
Segment results	**7,634,662**	**896,315**	**225,969**	**8,756,946**
Interest income	**144,124**	**145,955**	**2,680**	**292,759**
Interest expense	**(8,096,150)**	**(943,797)**	**(152,378)**	**(9,192,325)**
Impairment loss	**(6,114,200)**	**536**	**–**	**(6,113,664)**
Credit loss	**(49,116)**	**(70,900)**	**–**	**(120,016)**
Depreciation and amortisation	**(20,237,935)**	**(809,284)**	**(218,951)**	**(21,266,170)**
Net (loss)/income on disposal of non-current assets	**(612,263)**	**20**	**(3)**	**(612,246)**
Share of profits less losses of associates and joint ventures	**1,316,377**	**–**	**298,815**	**1,615,192**
Income tax expense	**(3,087,995)**	**(6,063)**	**(16,350)**	**(3,110,408)**

	PRC power segment	Overseas segment	All other segments	Total
For the year ended 31 December 2019 (Restated*)				
Total revenue	155,739,959	17,610,861	700,486	174,051,306
Intersegment revenue	–	–	(468,181)	(468,181)
External revenue	155,739,959	17,610,861	232,305	173,583,125
Segment results	4,658,738	162,465	(204,137)	4,617,066
Interest income	163,389	100,177	1,404	264,970
Interest expense	(9,295,893)	(1,308,380)	(114,490)	(10,718,763)
Impairment loss	(5,445,635)	(6,119)	(485,325)	(5,937,079)
Credit loss	(6,570)	(67,987)	–	(74,557)
Depreciation and amortisation	(20,012,936)	(752,285)	(167,553)	(20,932,774)
Net gain/(loss) on disposal of non-current assets	132,902	4,189	(3)	137,088
Share of profits less losses of associates and joint ventures	745,980	–	240,330	986,310
Income tax expense	(2,501,871)	89,006	(22,140)	(2,435,005)

	PRC power segment	Overseas segment	All other segments	Total
31 December 2020				
Segment assets	**382,917,976**	**39,922,997**	**9,883,826**	**432,724,799**
Including:				
Additions to non-current assets (excluding financial assets and deferred income tax assets)	**38,156,544**	**432,151**	**186,313**	**38,775,008**
Investments in associates	**14,230,345**	**–**	**3,855,842**	**18,086,187**
Investments in joint ventures	**1,550,986**	**–**	**1,193,536**	**2,744,522**
Segment liabilities	**(265,407,038)**	**(23,933,317)**	**(4,501,554)**	**(293,841,909)**
31 December 2019 (Restated*)				
Segment assets	356,050,595	43,122,947	9,857,566	409,031,108
Including:				
Additions to non-current assets (excluding financial assets and deferred income tax assets)	40,556,999	716,642	251,957	41,525,598
Investments in associates	13,187,050	–	3,540,265	16,727,315
Investments in joint ventures	1,239,866	–	1,232,556	2,472,422
Segment liabilities	(263,469,330)	(27,397,122)	(2,552,860)	(293,419,312)

A reconciliation of external revenue to operating revenue is provided as follows:

	For the year ended 31 December	
	2020	2019 (Restated*)
External revenue (PRC GAAP)	**169,439,187**	173,583,125
Reconciling item:		
Impact of restatement under PRC GAAP in relation to business combination under common control* *(Note 14)*	**(85,477)**	(98,324)
Impact of recognition of build-operate-transfer (BOT) related revenue under IFRSs	**92,628**	524,600
Operating revenue per IFRS consolidated statement of comprehensive income	**169,446,338**	174,009,401

A reconciliation of segment results to profit before income tax expense is provided as follows:

	For the year ended 31 December	
	2020	2019 (Restated*)
Segment results (PRC GAAP)	**8,756,946**	4,617,066
Reconciling item:		
Loss related to the headquarters	**(132,234)**	(155,395)
Share of profits of Huaneng Finance	**188,643**	200,810
Dividend income of other equity instrument investments	**775**	685
Impact of restatement under PRC GAAP in relation to business combination under common control* *(Note 14)*	**(13,995)**	149,645
Impact of other IFRS adjustments**	**(4,026,399)**	(1,693,351)
Profit before income tax expense per IFRS consolidated statement of comprehensive income	**4,773,736**	3,119,460

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December	
	2020	2019 (Restated*)
Total segment assets (PRC GAAP)	**432,724,799**	409,031,108
Reconciling items:		
Investment in Huaneng Finance	**1,394,030**	1,416,183
Deferred income tax assets	**2,996,690**	3,271,488
Prepaid income tax	**133,090**	139,617
Other equity instrument investments	**664,946**	779,217
Corporate assets	**292,197**	361,441
Impact of restatement under PRC GAAP in relation to business combination under common control* *(Note 14)*	**–**	(1,402,511)
Impact of other IFRS adjustments**	**11,698,906**	14,653,520
Total assets per IFRS consolidated statement of financial position	**449,904,658**	428,250,063

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December	
	2020	2019 (Restated*)
Total segment liabilities (PRC GAAP)	**(293,841,909)**	(293,419,312)
Reconciling items:		
Current income tax liabilities	**(288,106)**	(748,957)
Deferred income tax liabilities	**(977,810)**	(996,021)
Corporate liabilities	**(1,622,574)**	(2,458,677)
Impact of restatement under PRC GAAP in relation to business combination under common control* *(Note 14)*	**–**	1,315,267
Impact of other IFRS adjustments**	**(1,558,061)**	(1,563,317)
Total liabilities per IFRS consolidated statement of financial position	**(298,288,460)**	(297,871,017)

Other material items:

	Reportable segment total	Headquarters	Share of profits of Huaneng Finance	Impact of restatement under PRC GAAP in relation to business combination under common control* *(Note 14)*	Impact of other IFRS adjustments**	Total
For the year ended 31 December 2020						
Total revenue	**169,439,187**	**–**	**–**	**(85,477)**	**92,628**	**169,446,338**
Interest expense	**(9,192,325)**	**(37,293)**	**–**	**29,006**	**–**	**(9,200,612)**
Depreciation and amortisation	**(21,266,170)**	**(36,434)**	**–**	**26,023**	**(997,912)**	**(22,274,493)**
Impairment loss	**(6,113,664)**	**–**	**–**	**–**	**(2,811,385)**	**(8,925,049)**
Credit loss	**(120,016)**	**–**	**–**	**–**	**(52,695)**	**(172,711)**
Share of profits less losses of associates and joint ventures	**1,615,192**	**–**	**188,643**	**–**	**(29,513)**	**1,774,322**
Net loss on disposal of non-current assets	**(612,246)**	**–**	**–**	**–**	**(14,411)**	**(626,657)**
Income tax expense	**(3,110,408)**	**–**	**–**	**176**	**947,059**	**(2,163,173)**
For the year ended 31 December 2019 (Restated*)						
Total revenue	173,583,125	–	–	(98,324)	524,600	174,009,401
Interest expense	(10,718,763)	(79,554)	–	35,599	–	(10,762,718)
Depreciation and amortisation	(20,932,774)	(14,147)	–	59,679	(1,079,563)	(21,966,805)
Impairment loss	(5,937,079)	–	–	125,259	(373,037)	(6,184,857)
Credit loss	(74,557)	–	–	–	–	(74,557)
Share of profits less losses of associates and joint ventures	986,310	–	200,810	–	(1,498)	1,185,622
Net gain/(loss) on disposal of non-current assets	137,088	–	–	–	(67,639)	69,449
Income tax expense	(2,435,005)	–	–	108	423,642	(2,011,255)

* The Group completed the acquisitions of equity interests of certain companies. As the acquisitions were business combinations under common control, the transactions were accounted for by using the pooling of interests method under the PRC GAAP. The assets and liabilities acquired in business combinations were measured at the carrying amounts of the acquirees in the consolidated financial statements of the ultimate controlling party on the acquisition date. The operating results for all periods presented were retrospectively restated as if the current structure and operations resulting from the acquisitions had been in existence from the date when the acquirees first became under the control of the same ultimate controlling party. Therefore, the relevant comparative figures in the segment information were restated under the PRC GAAP as the acquisitions were accounted for using acquisition method under IFRSs.

** Other GAAP adjustments above primarily represented the classification adjustments and adjustments related to business combination and borrowing cost. Other than the classification adjustments, the differences will be gradually eliminated following subsequent depreciation and amortisation of related assets or the extinguishment of liabilities.

Geographical information (Under IFRSs):

(i) External revenue generated from the following countries:

	For the year ended 31 December	
	2020	2019
PRC	**154,348,665**	155,873,940
Overseas	**15,097,673**	18,135,461
Total	**169,446,338**	174,009,401

The geographical location of customers is based on the location at which the electricity was transferred, goods were delivered and services were provided.

(ii) Non-current assets (excluding financial assets and deferred income tax assets) are located in the following countries:

	As at 31 December	
	2020	2019
PRC	**346,766,179**	327,410,156
Overseas	**23,275,028**	24,830,127
Total	**370,041,207**	352,240,283

The non-current asset information above is based on the locations of the assets.

The information on sales to major customers of the Group which accounted for 10% or more of external revenue is as follows:

In 2020, the revenue from grid companies under common control of State Grid Corporation of China within the PRC power segment in total accounted for 77% of external revenue (2019: 79%). The sales to a subsidiary of State Grid Corporation of China which accounted for 10% or more of external revenue is as follows:

	For the year ended 31 December			
	2020		2019	
	Amount	**Proportion**	Amount	Proportion
State Grid Shandong Electric Power Company	**27,265,600**	**16%**	29,575,604	17%

(c) Contract balances

The contract assets primarily relate to the Group's rights to consideration for service completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional according to the contract.

The contract liabilities primarily relate to the advance received from customers for heat sales and heating pipeline upfront fees. The contract liabilities of RMB242 million at the beginning of the year has been recognised as revenue of heating pipeline service in 2020. The contract liabilities of RMB2,055 million at the beginning of the year has been recognised as revenue of heat sales in 2020.

(i) The transaction prices allocated to remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	As at 31 December	
	2020	2019
Within 1 year	**268,001**	220,046
Over 1 year	**2,355,763**	2,223,208
Total	**2,623,764**	2,443,254

The transaction prices allocated to the above remaining performance obligations expected to be recognised in more than one year relate to the provision of heating pipeline services, of which the performance obligations are to be satisfied within 17 years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amount disclosed above does not include variable consideration which is constrained.

(ii) Performance obligations

The Group has elected the practical expedient of not disclosing the remaining obligation excluding heating pipeline upfront fees. As allowed by IFRS 15, no information is provided about the performance obligations at 31 December 2020 that have an original expected duration of one year or less.

4 Income tax expense

	For the year ended 31 December	
	2020	2019
Current income tax expense	**2,821,301**	2,481,585
Deferred income tax	**(658,128)**	(470,330)
Total	**2,163,173**	2,011,255

No Hong Kong profits tax has been provided as there were no estimated assessable profits in Hong Kong for the year (2019: Nil).

The Company and its PRC branches and subsidiaries are subject to income tax at 25%, except for certain PRC branches and subsidiaries that are tax exempted or taxed at preferential tax rates, as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2020 and 2019.

The income tax rate applicable to Singapore subsidiaries is 17% (2019: 17%). The Company's overseas subsidiary in Pakistan engaged in the power generation business is entitled to an income tax exemption according to Income Tax Ordinance 2001. Another subsidiary located in Pakistan engaged in the provision of maintenance services. Before 1 July 2019, the subsidiary's tax liability would be calculated at the highest of (i) normal tax at the rate of 29% of taxable income; (ii) Alternative Corporate Tax (ACT) at the rate of 17% of accounting profit; and (iii) minimum tax deductible at 8% of the revenue. If the income tax calculated is above normal tax at the rate of 29%, it would be carried forward to subsequent years for settlement against the liabilities of following years. The carry forward time period is 5 years in case of minimum tax and 10 years in case of ACT. However, from 1 July 2019, if the minimum tax liability is above the normal tax calculated, it cannot be carried forward to subsequent years.

The reconciliation of the effective income tax rate from the notional income tax rate is as follows:

	For the year ended 31 December	
	2020	2019
PRC statutory enterprise income tax rate	**25.00%**	25.00%
Effect of different tax rates of certain subsidiaries	**(13.88%)**	(7.33%)
Utilisation of previously unrecognised tax losses and deductible temporary differences	**(5.50%)**	(6.00%)
Unrecognised tax losses for the year	**12.99%**	27.76%
Unrecognised deductible temporary differences	**26.17%**	34.68%
Effect of non-taxable income	**(9.34%)**	(10.44%)
Effect of non-deductible expenses	**8.70%**	3.18%
Others	**1.17%**	(2.38%)
Effective tax rate	**45.31%**	64.47%

5 Other non-current assets

Details of other non-current assets are as follows:

	As at 31 December	
	2020	2019
Finance lease receivables *(i)*	**9,431,733**	10,519,845
VAT recoverable	**5,526,256**	4,172,871
Prepayments for pre-construction cost	**438,167**	788,081
Intangible assets *(ii)*	**643,486**	784,594
Prepaid connection fees	**33,041**	37,484
Contract assets	**736,568**	642,557
Others	**1,728,332**	1,659,573
Total	**18,537,583**	18,605,005

Notes:

(i) Huaneng Shandong Ruyi (Pakistan) Energy (Private) Co., Ltd. ("Ruyi Pakistan Energy") entered into a power purchase agreement with CPPA-G to sell all of the electricity produced with a regulated tariff mechanism approved by the National Electric Power Regulatory Authority. In accordance with the power purchase agreement and tariff mechanism, almost all the risks and rewards in relation to the power assets were in substance transferred to CPPA-G and therefore were accounted for as a finance lease to CPPA-G.

(ii) The intangible assets primarily consist of software, patented technologies etc. In 2020, there was no impairment provided for the intangible assets (2019: Nil).

6 Accounts and notes receivable

Accounts and notes receivable comprised the following:

	As at 31 December	
	2020	2019
Accounts receivable	**30,045,678**	26,911,837
Notes receivable	**8,325,966**	5,552,422
	38,371,644	32,464,259
Less: Loss allowance	**155,929**	195,320
Total	**38,215,715**	32,268,939
Analysed into:		
Accounts receivable		
– At amortised cost	**28,789,790**	25,547,258
– At fair value through other comprehensive income	**1,255,888**	1,364,579
Notes receivable		
– At amortised cost	**8,325,966**	5,552,422

In 2020, the Group entered into an accounts receivable factoring arrangement (the "Factoring Arrangement") and transferred certain accounts receivable, with the carrying amount of RMB200 million, to the banks. Under the Factoring Arrangement, the Group is not exposed to default risks of the accounts receivable after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The original carrying value in aggregate of the accounts receivable transferred and derecognised under the arrangement that have not been settled as at 31 December 2020 was RMB200 million (2019: RMB150 million).

In December 2019 and November 2020, the Group's subsidiary, Shandong Power, entered into agreements of a single assets management plans (the "Assets Management Plans") with Yingda Securities Co., Ltd. Under the Assets Management Plans, the Group is not exposed to default risks of the accounts receivable after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the accounts receivable, including the sale, transfer or pledge of the accounts receivable to any other third parties. The original carrying value in aggregate of the accounts receivable transferred and derecognised under the arrangement that have not been settled as at 31 December 2020 was RMB1,220 million (2019: RMB1,000 million). The December 2019 Assets Management Plan expired in December 2020.

During the year ended 31 December 2020, the Group recognised RMB41,482 thousand loss on the date of transfer of the accounts receivable (2019: RMB10,528 thousand).

The gross amounts of accounts receivable and notes receivable are denominated in the following currencies:

	As at 31 December	
	2020	2019
RMB	**35,113,954**	29,382,384
S$ (RMB equivalent)	**996,686**	1,077,008
US$ (RMB equivalent)	**21,640**	39,146
PKR (RMB equivalent)	**2,239,364**	1,965,721
Total	**38,371,644**	32,464,259

The Group usually grants credit periods of about one month to domestic local power grid customers from the end of the month in which the sales are made. SinoSing Power provides credit periods that range from 5 to 60 days from the dates of billings. Certain accounts receivable of Singapore subsidiaries are backed by bankers' guarantees and/or deposits from customers. It is not practicable to determine the fair value of the collateral that corresponds to these accounts receivable. Ruyi Pakistan Energy entered into an agreement with CPPA-G with a one-month credit period.

As at 31 December 2020, no accounts receivable were pledged to banks as collateral for loans (2019: Nil).

The Group, except for Singapore subsidiaries, does not hold any collateral or other credit enhancements over its accounts receivable. The accounts receivable are non-interest-bearing.

For the collateral of notes receivable, please refer to Note 9 for details.

Movements of loss allowance during the years are analysed as follows:

	2020	2019
Beginning of the year	**(195,320)**	(146,913)
Provision	**(24,105)**	(64,838)
Reversal	**441**	16,596
Write-off	**20**	–
Others	**62,772**	–
Currency translation differences	**263**	(165)
End of the year	**(155,929)**	(195,320)

Ageing analysis of accounts receivable and notes receivable based on the invoice date was as follows:

	As at 31 December	
	2020	2019
Within 1 year	**37,966,985**	31,566,008
Between 1 to 2 years	**174,604**	696,401
Between 2 to 3 years	**86,388**	57,667
Over 3 years	**143,667**	144,183
Total	**38,371,644**	32,464,259

As at 31 December 2020, the maturity period of the notes receivable ranged from 1 to 12 months (2019: from 1 to 12 months).

7 Dividends of ordinary shares and cumulative distribution of other equity instruments

(a) Dividends of ordinary shares

On 16 June 2020, upon the approval from the annual general meeting of the shareholders, the Company declared 2019 final dividend of RMB0.135 (2018: RMB0.1) per ordinary share, totalling approximately RMB2,119 million (2018: RMB1,570 million).

On 23 March 2021, the Board of Directors proposed a cash dividend of RMB0.18 per share, totalling approximately RMB2,826 million. This proposal is subject to the approval of the shareholders at the annual general meeting.

(b) Cumulative distribution of other equity instruments

The other equity instruments were recorded as equity in the consolidated financial statements. For the year ended 31 December 2020, net profit attributable to holders of other equity instruments, based on the applicable rate, was RMB1,770 million, and the cumulative distribution paid-in 2020 was RMB1,436 million.

8 Long-term bonds

Outstanding corporate bonds, medium-term notes and debt financing instrument of the Group as at 31 December 2020 are summarised as follows:

Type of Instruments	Face Value	Issuance Date	Initial Period	Initial Distribution Rate	Effective Rate	Issue Price	Balance as at 31 December 2019	Issued Amount	Amortisation	Interest	Repayment	Foreign Exchange Gain	Foreign Currency Transition Differences	Interest Payable	Balance as at 31 December 2020
	RMB'000					*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2016 corporate bonds (5 years)	3,000,000	June 2016	5 years	3.48%	3.48%	3,000,000	3,000,072	–	62	104,400	–	–	–	57,778	3,057,912
2016 corporate bonds (10 years)	1,200,000	June 2016	10 years	3.98%	3.98%	1,200,000	1,199,985	–	12	47,760	–	–	–	26,432	1,226,429
2017 medium-term notes (5 years)	5,000,000	July 2017	5 years	4.69%	4.90%	5,000,000	5,001,878	–	965	234,500	–	–	–	111,146	5,113,989
2017 debt financing instrument (3 years)	500,000	July 2017	3 years	4.75%	4.81%	500,000	499,846	–	154	23,750	(500,000)	–	–	–	–
2017 corporate bonds (3 years)	2,300,000	November 2017	3 years	4.99%	4.99%	2,300,000	2,299,962	–	38	114,770	(2,300,000)	–	–	–	–
2018 corporate bonds (3 years)	1,500,000	April 2018	3 years	4.90%	4.90%	1,500,000	1,500,040	–	30	73,500	–	–	–	54,773	1,554,843
2018 medium-term notes (3 years)	3,000,000	May 2018	3 years	4.80%	4.91%	3,000,000	2,996,069	–	2,953	144,000	–	–	–	96,263	3,095,285
2018 medium-term notes (3 years)	2,000,000	July 2018	3 years	4.41%	4.56%	2,000,000	2,001,342	–	9	88,200	–	–	–	42,046	2,043,397
2018 debt financing instrument (3 years)	2,500,000	July 2018	3 years	4.68%	4.81%	2,500,000	2,495,547	–	2,929	117,000	–	–	–	50,967	2,549,443
2018 corporate bonds (10 years)	5,000,000	September 2018	10 years	5.05%	5.05%	5,000,000	4,999,993	–	30	252,500	–	–	–	78,171	5,078,194
2019 corporate bonds (10 years)	2,300,000	April 2019	10 years	4.70%	4.70%	2,300,000	2,299,990	–	14	108,100	–	–	–	74,930	2,374,934
2019 corporate bonds (3 years)	1,000,000	July 2019	3 years	3.55%	3.55%	1,000,000	1,000,007	–	17	35,500	–	–	–	17,118	1,017,142
2019 medium-term notes (3 years)	500,000	July 2019	3 years	3.55%	3.65%	500,000	498,759	–	488	17,750	–	–	–	8,073	507,320
2019 medium-term notes (5 years)	1,500,000	July 2019	5 years	3.85%	3.96%	1,500,000	1,493,433	–	1,445	57,750	–	–	–	26,264	1,521,142
2020 corporate bonds (5 years)	2,108,865	February 2020	5 years	2.25%	2.32%	2,108,865	–	2,108,865	(9,456)	40,838	–	(23,160)	(129,468)	16,383	1,963,164
2020 corporate bonds (10 years)	2,108,865	February 2020	10 years	2.63%	2.72%	2,108,865	–	2,108,865	(17,629)	47,644	–	(23,160)	(129,468)	19,114	1,957,722
Total						35,517,730	31,286,923	4,217,730	(17,939)	1,507,962	(2,800,000)	(46,320)	(258,936)	679,458	33,060,916

9 Accounts payable and other liabilities

Accounts payable and other liabilities comprised:

	As at 31 December	
	2020	2019
Accounts and notes payable	**15,777,784**	15,850,958
Payables to contractors for construction	**18,734,201**	12,695,720
Retention payables to contractors	**1,530,764**	1,537,024
Consideration payables for business acquisition *(Note 14)*	**22,842**	–
Others	**6,689,770**	7,186,379
Total	**42,755,361**	37,270,081

As at 31 December 2020, there were notes payable amounting to RMB245 million (2019:RMB89 million) secured by notes receivable.

As at 31 December 2020 and 31 December 2019, the accounts and notes payables and other liabilities are non-interest-bearing.

The carrying amounts of accounts payable and other liabilities are denominated in the following currencies:

	As at 31 December	
	2020	2019
RMB	**40,610,454**	34,996,912
S$ (RMB equivalent)	**948,817**	1,024,453
US$ (RMB equivalent)	**799,989**	940,749
JPY (RMB equivalent)	**12,293**	12,564
EUR (RMB equivalent)	**224**	1,194
PKR (RMB equivalent)	**383,584**	294,209
Total	**42,755,361**	37,270,081

The ageing analysis of accounts and notes payable was as follows:

	As at 31 December	
	2020	2019
Within 1 year	**15,514,112**	15,435,470
Between 1 to 2 years	**166,088**	311,880
Over 2 years	**97,584**	103,608
Total	**15,777,784**	15,850,958

10 Other equity instruments

(a) Other equity instruments as at 31 December 2020

Type of Instruments	Issuance Date	Category	Initial Distribution Rate	Issue Price	Number	Par Value	Initial Period	Conversion Condition	Conversion Result
				RMB'000		*RMB'000*			
Bond B	September 2017	Equity Instrument	5.17%	0.1	25,000,000	2,500,000	5 years	None	None
Yingda Insurance Financing Plan (1st)	September 2018	Equity Instrument	5.79%	–	–	3,283,000	8 years	None	None
Yingda Insurance Financing Plan (2nd)	September 2018	Equity Instrument	5.79%	–	–	827,000	8 years	None	None
Yingda Insurance Financing Plan (3rd)	September 2018	Equity Instrument	5.79%	–	–	890,000	8 years	None	None
China Life Financing Plan (1st)	September 2019	Equity Instrument	5.05%	–	–	2,070,000	8 years	None	None
PICC Financing Plan (1st)	September 2019	Equity Instrument	5.10%	–	–	930,000	10 years	None	None
2019 medium-term notes (2nd)	October 2019	Equity Instrument	4.08%	0.1	20,000,000	2,000,000	3 years	None	None
2019 medium-term notes (3rd)	October 2019	Equity Instrument	4.05%	0.1	20,000,000	2,000,000	3 years	None	None
China Life Financing Plan (2nd)	October 2019	Equity Instrument	5.05%	–	–	2,260,000	8 years	None	None
PICC Financing Plan (2nd)	October 2019	Equity Instrument	5.10%	–	–	1,740,000	10 years	None	None
2019 medium-term notes (4th)	November 2019	Equity Instrument	4.15%	0.1	25,000,000	2,500,000	3 years	None	None
2019 medium-term notes (4th)	November 2019	Equity Instrument	4.53%	0.1	15,000,000	1,500,000	5 years	None	None
Bond C	March 2020	Equity Instrument	3.58%	0.1	20,000,000	2,000,000	3 years	None	None
Bond D	March 2020	Equity Instrument	3.85%	0.1	10,000,000	1,000,000	5 years	None	None
2020 medium-term notes (1st)	April 2020	Equity Instrument	3.18%	0.1	30,000,000	3,000,000	3 years	None	None
China Life Financing Plan (3rd)	April 2020	Equity Instrument	4.75%	–	–	3,570,000	8 years	None	None
PICC Financing Plan (3rd)	April 2020	Equity Instrument	4.75%	–	–	930,000	10 years	None	None
Bond E	April 2020	Equity Instrument	3.09%	0.1	25,000,000	2,500,000	3 years	None	None
2020 medium-term notes (2nd)	June 2020	Equity Instrument	3.60%	0.1	35,000,000	3,500,000	3 years	None	None
2020 medium-term notes (3rd)	August 2020	Equity Instrument	3.99%	0.1	20,000,000	2,000,000	3 years	None	None
PICC Financing Plan (4th)	August 2020	Equity Instrument	4.60%	–	–	3,000,000	10 years	None	None
Bond F	September 2020	Equity Instrument	4.38%	0.1	30,000,000	3,000,000	3 years	None	None
2020 medium-term notes (4th)	September 2020	Equity Instrument	4.40%	0.1	10,000,000	1,000,000	3 years	None	None
Total						48,000,000			

(b) Major provisions

In 2017, the Company issued two tranches of perpetual corporate bonds with the net proceeds of approximately RMB2,500 million and RMB2,500 million, respectively. The perpetual corporate bonds are issued at par value with an initial distribution rate of 5.05% and 5.17%. The interests of the perpetual corporate bonds are recorded as distributions, which are paid annually in arrears in September in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (e.g. distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The perpetual corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in August 2020 and 2022 respectively, and the payment of the principal may be deferred for each renewal period to 3 and 5 years respectively. The applicable distribution rate will be reset on the first call date and each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum. On the first call date of bond A in September 2020, the Company decided to exercise the callable option. The bond was redeemed in whole on 25 September 2020.

In 2018, the Company issued three tranches of Yingda Insurance Financing Plan (the "Yingda plan") with the aggregate proceeds of RMB5,000 million. The Yingda plan has no fixed period with initial distribution rate of 5.79%. The interests of the financing plan are recorded as distributions, which are paid annually in arrears in June and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (e.g. distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The Yingda plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after the 8th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 9th to the 11th year after the issuance, the period from the 11th to the 13th year after the issuance and the 13th year onwards after the issuance, to the higher of the initial distribution rate plus 300 basis points and the 10-year treasury bond yield in the 9th year after the issuance plus 600 basis points, the higher of the initial distribution rate plus 600 basis points and the 10-year treasury bond yield in the 11th year after the issuance plus 900 basis points and the higher of the initial distribution rate plus 900 basis points and the 10-year treasury bond yield in the 13th year after the issuance plus 1,200 basis points, respectively.

In 2019, the Company issued two tranches of China Life Financing Plan (the "China Life plan") with the aggregate proceeds of RMB4,330 million. The China Life plan has no fixed period with an initial distribution rate of 5.05%. The interests of the China Life plan are recorded as distributions, which are paid annually in arrears in March, June, September and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The China Life plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after the 8th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 9th year after the issuance, to the basis rate plus 300 basis points, and will remain 8.05% afterwards.

In 2019, the Company issued two tranches of PICC Financing Plan ("the PICC plan") with the aggregate proceeds of RMB2,670 million. The PICC plan has no fixed period with an initial distribution rate of 5.10%. The interests of the PICC plan are recorded as distributions, which are paid annually in arrears in March, June, September and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The PICC plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after 10th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 11th year after the issuance, to the basis rate plus 300 basis points, and will remain 8.10% afterwards.

In October 2019, the Company issued two tranches of medium-term notes with the net proceeds of approximate RMB2,000 million and RMB2,000 million, respectively. The medium-term notes are issued at par value with initial distribution rate of 4.08% and 4.05%. The interests of the medium-term notes are recorded as distributions, which are paid annually in arrears in October in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The medium-term notes have no fixed maturity date and are callable at the Company's discretion at specific time, and the payment of the principal may be deferred for each renewal period to 3 years, respectively. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In November 2019, the Company issued two tranches of medium-term notes with the net proceeds of approximately RMB2,500 million and RMB1,500 million. The medium-term notes are issued at par value with initial distribution rates of 4.15% and 4.53%, respectively. The interests of the medium-term notes are recorded as distributions, which are paid annually in arrears in November in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred. The company has the right to defer current interests and all deferred interests. The medium-term notes have no fixed maturity date and are callable at the Company's discretion at specific time, and the payment of the principal may be deferred for each renewal period to 3 and 5 years respectively. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In March 2020, the Company issued two tranches of perpetual corporate bonds with the net proceeds of approximately RMB2,000 million and RMB1,000 million, respectively. The perpetual corporate bonds are issued at par value with an initial distribution rate of 3.58%and 3.85%. The interests of the perpetual corporate bonds are recorded as distributions, which are paid annually in arrears in March in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (e.g. distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The perpetual corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in February 2023 and 2025 respectively, and the payment of the principal may be deferred for each renewal period to 3 and 5 years respectively. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In April 2020, the Company issued medium-term notes with the net proceeds of approximately RMB3,000 million. The medium-term notes are issued at par value with an initial distribution rate of 3.18%. The interests of the medium-term note are recorded as distributions, which are paid annually in arrears in April in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The medium-term notes have no fixed maturity date and are callable at the Company's discretion at specific time, and the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In April 2020, the Company issued China Life Financing Plan ("the China Life plan") with the proceeds of RMB3,570 million. The China Life plan has no fixed period with an initial distribution rate of 4.75%. The interests of the China Life plan are recorded as distributions, which are paid annually in arrears in March, June, September and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The China Life plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after the 8th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 9th year after the issuance, to the basis rate plus 300 basis points, and will remain 7.75% afterwards.

In April 2020, the Company issued the third tranche of the PICC plan with the proceeds of RMB930 million. The PICC plan has no fixed period with an initial distribution rate of 4.75%. The interests of the PICC plan are recorded as distributions, which are paid annually in arrears in March, June, September and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The PICC plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after the 10th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 11th year after the issuance, to the basis rate plus 300 basis points, and will remain 7.75% afterwards.

In April 2020, the Company issued a perpetual corporate bond with the net proceeds of approximately RMB2,500 million. The perpetual corporate bond is issued at par value with an initial distribution rate of 3.09%. The interests of the perpetual corporate bond are recorded as distributions, which are paid annually in arrears in April in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (e.g. distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The perpetual corporate bond has no fixed maturity date and is callable at the Company's discretion in whole in March 2023, or the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In June 2020, the Company issued medium-term notes with the net proceeds of approximately RMB3,500 million. The medium-term notes are issued at par value with an initial distribution rate of 3.60%. The interests of the medium-term notes are recorded as distributions, which are paid annually in arrears in June in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The medium-term notes have no fixed maturity date and are callable at the Company's discretion at specific time, and the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In August 2020 and September 2020, the Company issued two tranches of medium-term notes with the net proceeds of approximately RMB2,000 million and RMB1,000 million, respectively. The medium-term notes are issued at par value with initial distribution rates of 3.99% and 4.40%. The interests of the medium-term notes are recorded as distributions, which are paid annually in arrears in August and September in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occurred. The company has the right to defer current interests and all deferred interests. The medium-term notes have no fixed maturity date and are callable at the Company's discretion at specific time, and the payment of the principal may be deferred for each renewal period to 3 years, respectively. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In August 2020, the Company issued the fourth tranche of the PICC plan with the proceeds of RMB3,000 million. The PICC plan has no fixed period with an initial distribution rate of 4.60%. The interests of the PICC plan are recorded as distributions, which are paid annually in arrears in March, June, September and December in each year and may be deferred at the discretion of the Company unless compulsory payment events (distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The PICC plan has no fixed maturity date and are callable at the Company's discretion in whole at each distribution date after the 10th year of issuance, or the payment of the principal may be deferred at each distribution date aforementioned. The applicable distribution rate will be reset during the period from the 11th year after the issuance, to the basis rate plus 300 basis points, and will remain 7.60% afterwards.

In September 2020, the Company issued a perpetual corporate bond with the net proceeds of approximately RMB3,000 million. The perpetual corporate bond is issued at par value with an initial distribution rate of 4.38%. The interests of the perpetual corporate bond are recorded as distributions, which are paid annually in arrears in September in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (e.g. distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) occur. The company has the right to defer current interests and all deferred interests. The perpetual corporate bond has no fixed maturity date and is callable at the Company's discretion in whole in August 2023, and the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset on the first call date and for each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

The perpetual corporate bonds, financing plans and medium-term notes were recorded as equity in the consolidated financial statements. During the year ended 31 December 2020, the profit attributable to holders of other equity instruments, based on the applicable distribution rate, was RMB1,770 million.

(c) Changes of other equity instruments during 2020

	As at 1 January 2020		Issuance		Cumulative distributions				As at 31 December 2020	
Type of Instruments	Number	Amount	Number	Amount	Accrued distribution	Distribution payment	Redemption value	Redemption difference	Number	Amount
		RMB'000		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*		*RMB'000*
Bond A	25,000,000	2,533,780	–	(131)	92,445	(126,250)	(2,500,000)	156	–	–
Bond B	25,000,000	2,534,583	–	–	129,345	(129,250)	–	–	25,000,000	2,534,678
Yingda Insurance Financing Plan (1st)	–	3,288,808	–	–	193,254	(193,254)	–	–	–	3,288,808
Yingda Insurance Financing Plan (2nd)	–	828,463	–	–	48,681	(48,681)	–	–	–	828,463
Yingda Insurance Financing Plan (3rd)	–	891,575	–	–	52,390	(52,390)	–	–	–	891,575
China Life Financing Plan (1st)	–	2,073,484	–	–	106,277	(106,277)	–	–	–	2,073,484
PICC Financing Plan (1st)	–	930,922	–	–	48,221	(48,221)	–	–	–	930,922
2019 medium-term notes (2nd)	20,000,000	2,011,533	–	–	81,646	(81,600)	–	–	20,000,000	2,011,579
2019 medium-term notes (3rd)	20,000,000	2,011,271	–	–	81,041	(81,000)	–	–	20,000,000	2,011,312
China Life Financing Plan (2nd)	–	2,263,804	–	–	116,032	(116,032)	–	–	–	2,263,804
PICC Financing Plan (2nd)	–	1,741,726	–	–	90,219	(90,219)	–	–	–	1,741,726
2019 medium-term notes (4th)	25,000,000	2,511,441	–	–	103,794	(103,750)	–	–	25,000,000	2,511,485
2019 medium-term notes (4th)	15,000,000	1,506,431	–	–	67,979	(67,950)	–	–	15,000,000	1,506,460
Bond C	–	–	20,000,000	1,999,980	55,711	–	–	–	20,000,000	2,055,691
Bond D	–	–	10,000,000	999,990	29,956	–	–	–	10,000,000	1,029,946
2020 medium-term notes (1st)	–	–	30,000,000	2,981,135	68,741	–	–	–	30,000,000	3,049,876
China Life Financing Plan (3rd)	–	–	–	3,570,000	120,587	(114,934)	–	–	–	3,575,653
PICC Financing Plan (3rd)	–	–	–	930,000	31,168	(30,309)	–	–	–	930,859
Bond E	–	–	25,000,000	2,499,975	53,546	–	–	–	25,000,000	2,553,521
2020 medium-term notes (2nd)	–	–	35,000,000	3,484,124	67,660	–	–	–	35,000,000	3,551,784
2020 medium-term notes (3rd)	–	–	20,000,000	1,995,313	29,515	–	–	–	20,000,000	2,024,828
PICC Financing Plan (4th)	–	–	–	3,000,000	48,683	(46,000)	–	–	–	3,002,683
Bond F	–	–	30,000,000	2,999,970	40,680	–	–	–	30,000,000	3,040,650
2020 medium-term notes (4th)	–	–	10,000,000	997,094	12,898	–	–	–	10,000,000	1,009,992
Total		25,127,821		25,457,450	1,770,469	(1,436,117)	(2,500,000)	156		48,419,779

11 Additional financial information to the consolidated statement of financial position

As at 31 December 2020, the net current liabilities of the Group amounted to approximately RMB87,910 million (2019: RMB80,839 million). On the same date, total assets less current liabilities were approximately RMB295,857 million (2019: RMB286,630 million).

12 Profit before income tax expense

Profit before income tax expense was determined after charging/(crediting) the following:

	For the year ended 31 December	
	2020	2019
Total interest expense on borrowing	**10,128,467**	11,342,526
Less: amounts capitalised in property, plant and equipment	**927,855**	579,808
Interest expenses charged to consolidated statement of comprehensive income	**9,200,612**	10,762,718
Including: Interest expenses on lease liabilities	**202,264**	171,573
Depreciation of property, plant and equipment	**21,360,798**	21,130,076
Depreciation of right-of-use assets	**785,518**	734,827
Included in other investment loss/(income)		
– Dividends on other equity instrument investments	**(775)**	(685)
– Gains on disposal of subsidiaries	**–**	(256,009)
Included in loss/(gain) on fair value changes of financial assets/liabilities		
– Contingent consideration of the business combination	**–**	(17,175)
– Loss/(gain) on fair value changes of trading derivatives	**1,566**	(19,492)

	For the year ended 31 December	
	2020	2019
Included in other operating expenses:		
– Operating expense of Ruyi Pakistan	**2,581,665**	3,057,427
– Service concession construction cost	**103,177**	518,291
– Other materials expense	**1,626,385**	1,748,498
– Electricity charges	**973,372**	898,719
– Cost of sales of raw materials	**295,330**	606,103
– Water charges	**549,260**	652,077
– Insurance expense	**386,435**	362,147
– Cleaning, greening and fire protection expense	**430,476**	398,478
– Purchase of power generation quota	**392,902**	423,057
– Transportation allowance	**179,955**	178,217
– Pollutant charge	**137,579**	84,468
– Water conservancy fund and disabled security fund	**471,129**	202,479
– Test and inspection expense	**359,997**	323,434
– Service charge	**333,916**	171,676
– Heating pipeline related cost	**134,915**	144,300
– Auditors' remuneration audit services	**39,117**	42,019
– Other consulting expense	**97,559**	111,468
– Office expense	**223,913**	198,033
– Minimum lease payments under operating leases, lease payments not included in the measurement of lease liabilities	**106,031**	234,139
– Amortisation of other non-current assets	**128,177**	101,902
– Property management expense	**95,037**	76,507
– Information technology maintenance expense	**229,214**	122,425
– Travel expense	**99,106**	156,683
– Business entertainment expense	**28,553**	32,825
– Research and development expenditure	**667,592**	65,022
– Net loss on disposal of materials and supplies	**167,449**	6,384
– Net loss/(gain) on disposal of non-current assets	**626,657**	(69,449)

	For the year ended 31 December	
	2020	2019
– Recognition of loss allowance for receivables	**172,711**	74,557
– Recognition of provision for inventory obsolescence	**43,076**	22,453
– Impairment loss of property, plant and equipment	**7,847,378**	5,719,990
– Impairment loss of goodwill	**685,036**	–
– Impairment loss of other non-current assets	**349,559**	464,867
– Gain of Three Supplies and Property Management	**(126,425)**	(200,683)
– Government grants	**(739,740)**	(818,101)
– Penalties	**22,279**	23,614
– Donations	**55,663**	47,393
– Others	**525,637**	698,006
Total	**20,300,072**	16,879,425

13 Earnings per share

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the equity holders of the Company excluding cumulative distribution of other equity instruments by the weighted average number of the Company's outstanding ordinary shares during the year:

	For the year ended 31 December	
	2020	2019
Consolidated net profit attributable to equity holders of the Company	**2,377,851**	766,345
Less: cumulative distribution of other equity instruments	**1,770,469**	685,922
Consolidated net profit attributable to ordinary shareholders of the Company	**607,382**	80,423
Weighted average number of the Company's outstanding ordinary shares *('000)**	**15,698,093**	15,698,093
Basic and diluted earnings per share *(RMB)*	**0.04**	0.01

* Weighted average number of ordinary shares:

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 January	**15,698,093**	15,698,093
Effect of share issue	**–**	–
Weighted average number of ordinary shares at 31 December	**15,698,093**	15,698,093

There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the years ended 31 December 2020 and 2019.

14 Business combination

(a) Acquisition of Huaneng Shandong Taifeng Renewable Energy Co., Ltd. (“Taifeng Renewable Energy”)

On 30 June 2020, the Group’s subsidiary, Shandong Power, acquired an 82.23% interest in Taifeng Renewable Energy from Huaneng Taishan Power Co., Ltd. (“Taishan Power”), a subsidiary of the Huaneng Group. Taifeng Renewable Energy is mainly engaged in power generation and sales business. The acquisition was made as part of the Group’s strategy to increase the Group’s generation capacity in renewable energy. The total cash consideration for the acquisition was RMB228 million, with RMB205 million paid at the acquisition date and the remaining RMB23 million unpaid as at 31 December 2020.

The fair values of the identifiable assets and liabilities of Taifeng Renewable Energy as at the date of acquisition were as follows:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	722,076
Right-of-use assets	91,229
Other non-current assets	1,401
Other receivables and assets	60,038
Accounts receivable	153,644
Bank balances and cash	6,315
	1,034,703
Liabilities	
Long-term loans	(589,000)
Lease liabilities	(90,370)
Deferred income tax liabilities	(9,213)
Accounts payable and other liabilities	(42,980)
Taxes payable	(20)
Current portion of long-term loans	(31,200)
Current portion of lease liabilities	(1,225)
	(764,008)
Total identifiable net assets at fair value	270,695
Non-controlling interests	(48,103)
Goodwill on acquisition	5,828
Satisfied by cash	228,420

Goodwill arising from the acquisition is attributable to the synergies expected to arise after the acquisition of the equity interests in the subsidiary stated above. None of the goodwill recognised is expected to be deductible for income tax purposes.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	Acquisition date
Cash consideration	(228,420)
Consideration to be paid *(Note 9)*	22,842
Cash and bank balances acquired	6,315
Net outflow of cash and cash equivalents included in cash flows from investing activities	(199,263)
Transaction costs of the acquisition included in cash flows from operating activities	–
	(199,263)

Since the acquisition, Taifeng Renewable Energy contributed RMB42,509 thousand to the Group's revenue and RMB1,244 thousand to the consolidated profit for the year ended 31 December 2020.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB169,494 million and RMB2,618 million, respectively.

(b) Acquisition of Tianjin Longye New Energy Co., Ltd. ("Tianjin Longye")

On 8 April 2020, the Company entered into an equity transfer agreement with Tianjin Yuan Rong Investment Management Co., Ltd., a subsidiary of the Huaneng Group, to acquire a 100% interest in Tianjin Longye. Tianjin Longye is mainly engaged in power generation and sales business. The acquisition was made as part of the Group's strategy to increase the Group's generation capacity in renewable energy. The acquisition was completed on 31 August 2020 (the acquisition date), when the Company obtained the control over Tianjin Longye. The total cash consideration for the acquisition was RMB8.55 million and was fully paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Tianjin Longye as at the date of acquisition were as follows:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	39,130
Other receivables and assets	3,403
Accounts receivable	1,494
Bank balances and cash	1,657
	45,684
Liabilities	
Accounts payable and other liabilities	(36,390)
	(36,390)
Total identifiable net assets at fair value	9,294
Gain on bargain purchase recognised in others in the consolidated statement of comprehensive income	(741)
Satisfied by cash	8,553

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	Acquisition date
Cash consideration	(8,553)
Cash and bank balances acquired	1,657
Net outflow of cash and cash equivalents included in cash flows from investing activities	(6,896)
Transaction costs of the acquisition included in cash flows from operating activities	–
	(6,896)

Since the acquisition, Tianjin Longye contributed RMB1,652 thousand to the Group's revenue and RMB173 thousand to the consolidated profit for the year ended 31 December 2020.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB169,450 million and RMB2,611 million, respectively.

(c) Acquisition of a set of activities and assets of Huaneng Laizhou Wind Power Co., Ltd. ("Laizhou Wind Power")

On 19 November 2020, Shandong Power entered into an acquisition agreement with Laizhou Wind Power to acquire a set of its activities and assets. Laizhou Wind Power is mainly engaged in power generation and sales business. The acquisition was made as part of the Group's strategy to increase the Group's generation capacity in renewable energy. The acquisition was completed on 30 November 2020 (the acquisition date), when Shandong Power obtained the control over the assets and personnel. The total cash consideration for the acquisition was RMB255 thousand and was fully paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Laizhou Wind Power as at the date of acquisition were as follows:

	Fair value recognised on acquisition
Assets	
Property, plant and equipment	231,278
Right-of-use assets	31,643
Other non-current assets	241
Other receivables and assets	205
Accounts receivable	44,812
	308,179
Liabilities	
Long-term loans	(258,000)
Deferred income tax liabilities	(6,787)
Accounts payable and other liabilities	(49,924)
	(314,711)
Total identifiable net assets at fair value	(6,532)
Goodwill on acquisition	6,787
Satisfied by cash	255

Goodwill arising from the acquisition is attributable to the synergies expected to arise after the acquisition of the business stated above. None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition of the business is as follows:

	Acquisition date
Cash consideration	(255)
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	(255)
Transaction costs of the acquisition included in cash flows from operating activities	–
	(255)

Since the acquisition, the acquired business contributed RMB9,325 thousand to the Group's revenue and RMB3,547 thousand to the consolidated profit for the year ended 31 December 2020.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB169,480 million and RMB2,617 million, respectively.

B. FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER PRC GAAP

(Amount expressed in units of RMB unless otherwise stated)

1 Financial Highlights and Financial Ratios

	Unit	**2020**	2019	**Fluctuation**
			(Restated)	%
Operating revenue	RMB	169,439,187,471	173,583,125,512	-2.39
Profit before income tax expense	RMB	8,814,128,631	4,663,165,921	89.02
Net profit attributable to equity holders of the Company	RMB	4,564,989,863	1,565,963,763	191.51
Net profit attributable to Equity holders of the Company less non-recurring items	RMB	2,627,217,637	94,194,086	2,689.15
Basic and diluted earnings per share	RMB/share	0.18	0.06	200.00
Basic earnings per share less non-recurring items	RMB/share	0.17	0.01	1,600.00
Weighted average of return on equity	%	3.81	1.20	217.50
Weighted average of return on equity less non-recurring items	%	3.58	0.13	2,653.85
Net cash provided by operating activities	RMB	42,049,806,396	37,320,950,560	12.67
Total assets	RMB	438,205,752,374	414,999,055,749	5.59
Equity to equity holders of the Company	RMB	121,698,538,280	98,597,171,804	23.43

Note: The financial ratio:

Earnings per share	=	Consolidated net profit attributable to ordinary shareholders of the Company/Weighted average number of the Company's outstanding ordinary shares
Weighted average of return on equity	=	Consolidated net profit attributable to equity holders of the Company/Weighted average number of equity attributable to equity holders of the Company (less non-controlling interests) *100%

2 ITEMS AND AMOUNTS OF NON-RECURRING ITEMS

	For the year ended 31 December 2020
Net gain on disposal of non-current assets	(612,246,582)
Government grants recognised though profit or loss, excluding those having close relationships with the company and its subsidiaries' operation and enjoyed in fixed amount or quantity according to uniform national standard *(Note 1)*	853,697,573
The investment income of derivative financial instruments and other equity instrument investments (excluding effective hedging instruments related to operating activities of the company)	(76,436,488)
Reversal of loss allowances for receivables and contract assets individually tested for impairments	53,154,365
The current net profit and loss of subsidiaries arising from business combinations under common control from the beginning of the period to the date of merger	13,994,376
Loan guarantee indemnity received	–
Profits and losses from entrusted loans	4,338,654
Non-operating income and expenses besides items above *(Note 2)*	(63,754,843)
Other items recorded in the profit and loss in accordance with the definition of non-recurring items *(Note 3)*	(6,307,773)
	166,439,282
Impact of Income tax	(39,731,090)
Impact of non-controlling interests (net of tax)	40,594,740
	167,302,932

Note 1: The Company and its subsidiaries recognised extraordinary profit and loss items in accordance with the requirement of explanatory *Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public_ Extraordinary Profit and Loss* (CSRC announcement [2008] No. 43).

According to the definition of non-recurring items, the non-recurring items that are defined as recurring items are as below:

	The Amount of 2020	Reason
Value-added tax levied immediately returned	127,768,299	Closely related to the normal business of the Company
Carbon emissions trading costs	(117,774,294)	Closely related to the normal business of the Company
Carbon emissions trading incomes	2,722,431	Closely related to the normal business of the Company

Note 2: In 2020, other non-operating income other than the items mentioned above was mainly income from the gratuitous transfer of assets, the non-operating expenses were mainly loss of material scrap of the Company and its subsidiaries and donations contributed by the Company and its subsidiaries.

Note 3: In 2020, other items satisfy the definition of extraordinary profit and loss are expenses of entrusted management service purchased and income of entrusted operation services provided.

3 INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts expressed in RMB, except for share data)

	2020 Consolidated	2019 Consolidated (Restated)	**2020 Company**	2019 Company
Operating revenue	**169,439,187,471**	173,583,125,512	**46,395,787,169**	48,071,543,553
Less: Operating cost	**139,881,388,454**	148,251,680,605	**38,413,337,339**	41,015,466,215
Taxes and surcharges	**1,795,392,652**	1,833,364,890	**544,457,365**	527,616,315
Selling expenses	**147,613,052**	116,948,508	**41,237,821**	21,349,145
General and administrative expenses	**4,945,866,256**	4,555,421,408	**1,998,318,556**	1,789,808,464
Research and development expenses	**667,592,105**	65,021,719	**247,659,854**	61,462,171
Financial expenses	**8,836,219,036**	10,743,778,025	**2,522,243,542**	3,664,456,970
Including: Interest expenses	**9,229,618,488**	10,798,316,023	**2,663,196,044**	3,674,049,037
Interest income	**292,759,365**	264,969,925	**104,727,718**	44,153,189
Add: Other income	**964,814,710**	916,585,687	**189,141,979**	176,960,959
Investment income	**1,693,845,368**	1,407,113,395	**5,621,455,769**	5,422,382,784
Including: investment income from associates and joint ventures	**1,803,834,935**	1,187,119,427	**1,661,508,084**	1,086,973,444
Loss from termination recognition of financial assets measured at amortized cost	**(41,482,083)**	(10,528,358)	**–**	–
(Loss)/gain from changes in fair value	**(1,566,103)**	19,491,687	**–**	–
Credit losses	**(120,015,483)**	(74,556,813)	**(7,000,000)**	(3,200,000)
Impairment losses	**(6,113,663,647)**	(5,937,079,203)	**(6,227,150,267)**	(559,886,119)
Gain on disposal of non-current assets	**39,156,991**	141,000,698	**2,021,939**	8,842,564
Operating profit	**9,627,687,752**	4,489,465,808	**2,207,002,112**	6,036,484,461
Add: Non-operating income	**284,982,971**	391,351,175	**73,933,641**	27,118,364
Less: Non-operating expenses	**1,098,542,092**	217,651,062	**436,764,565**	40,957,295
Profit before income tax expense	**8,814,128,631**	4,663,165,921	**1,844,171,188**	6,022,645,530
Less: Income tax expense	**3,110,408,146**	2,435,003,995	**1,022,711,113**	518,722,056
Net profit	**5,703,720,485**	2,228,161,926	**821,460,075**	5,503,923,474

	2020 Consolidated	2019 Consolidated (Restated)	**2020 Company**	2019 Company
The net loss of the merged parties before the merger under common control	**13,994,376**	(149,751,965)	**-**	-
(1) Classification according to the continuity of operation				
– Continuous operating net profit	**5,703,720,485**	2,228,161,926	**821,460,075**	5,503,923,474
(2) Classification according to ownership				
Attributable to:				
– Equity holders of the Company	**4,564,989,863**	1,565,963,763	**821,460,075**	5,503,923,474
– Non-controlling interests	**1,138,730,622**	662,198,163	**—**	—
Other comprehensive (loss)/income, net of tax	**(971,038,162)**	570,888,167	**(313,540,875)**	310,771,877
Other comprehensive (loss)/income, net of tax, attributable to equity holders of the Company	**(778,380,498)**	731,669,176	**(313,540,875)**	310,771,877
(1) Items that will not be reclassified to profit or loss:				
Including:				
Share of other comprehensive (loss)/income of investees accounted for under the equity method (non-recycling)	**(178,501,491)**	367,528,644	**(178,501,491)**	367,528,642
Fair value changes of other equity instrument investments	**(131,958,391)**	(55,199,947)	**(130,691,944)**	(61,012,602)

	2020 Consolidated	2019 Consolidated (Restated)	**2020 Company**	2019 Company
(2) Items that may be reclassified subsequently to profit or loss:				
Including:				
Share of other comprehensive (loss)/income of investees accounted for under the equity method (recycling)	**(4,347,440)**	1,167,397	**(4,347,440)**	1,167,397
Effective portion of cash flow hedges	**220,541,978**	132,648,447	**–**	3,088,440
Translation differences of the financial statements of foreign operations	**(684,115,154)**	285,524,635	**–**	–
Other comprehensive loss attributable to non-controlling interests, net of tax	**(192,657,664)**	(160,781,009)	**–**	–
Total comprehensive income	**4,732,682,323**	2,799,050,093	**507,919,200**	5,814,695,351
Attributable to:				
– Equity holders of the Company	**3,786,609,365**	2,297,632,939	**507,919,200**	5,814,695,351
– Non-controlling interests	**946,072,958**	501,417,154	**–**	–
Earnings per share (based on the net profit attributable to equity holders of the Company)				
Basic earnings per share	**0.18**	0.06	**–**	–
Diluted earnings per share	**0.18**	0.06	**–**	–

4 CONSOLIDAED NET PROFIT RECONCILIATION BETWEENT PRC GAAP AND IFRS

The financial statements, which have been prepared by the Group in conformity with Accounting Standards for Business Enterprises ("PRC GAAP"), differ in certain respects from those of IFRSs. Major impact of adjustments for IFRSs, on the net consolidated profit attributable to equity holders of the Company, is summarised as follows:

	Consolidated profit attributable to equity holders of the Company	
	2020	2019
		(Restated)
Consolidated net profit attributable to equity holders of the Company under PRC GAAP	**4,564,989,863**	1,565,963,763
Impact of IFRS adjustments:		
Differences in accounting treatment on business combinations under common control, depreciation, amortisation, disposal and impairment of assets acquired in business combinations under common control (a)	**(3,949,423,976)**	(1,461,404,599)
Difference on depreciation related to borrowing costs capitalised in previous years (b)	**(27,015,843)**	(27,015,843)
Others	**(63,775,533)**	(55,178,733)
Applicable deferred income tax impact on the GAAP differences above (c)	**947,058,871**	423,642,122
Profit attributable to non-controlling interests on the adjustments above	**906,018,228**	320,338,382
Consolidated net profit attributable to equity holders of the Company under IFRSs	**2,377,851,610**	766,345,092

(a) **Differences in the accounting treatment on business combinations under common control and depreciation, amortisation, disposal and impairment under common control**

Huaneng Group is the parent company of HIPDC, which in turn is also the ultimate parent of the Company. The Company has carried out a series of acquisitions from Huaneng Group and HIPDC in recent years. As the acquired power companies and plants and the Company were under common control of Huaneng Group before and after the acquisitions, such acquisitions were regarded as business combinations under common control.

In accordance with PRC GAAP, for business combinations under common control, the assets and liabilities acquired in business combinations are measured at the carrying amounts of the acquirees in the consolidated financial statements of the ultimate controlling party on the acquisition date. The difference between the carrying amounts of the net assets acquired and the consideration paid is adjusted to the equity account of the acquirer. The operating results for all periods presented are retrospectively restated as if the current structure and operations resulting from the acquisition had been in existence since the beginning of the earliest year presented, with financial data of previously separate entities consolidated. The cash consideration paid by the Company is treated as an equity transaction in the year of acquisition. The subsequent adjustment of contingent consideration after the acquisition date is also accounted for as an equity transaction.

For business combinations occurred prior to 1 January 2007, in accordance with Previous PRC GAAP, when equity interests acquired were less than 100%, the assets and liabilities of the acquirees were measured at their carrying amounts. The excess of the consideration over the proportionate share of the carrying amounts of the net assets acquired was recorded as an equity investment difference and amortised on a straight-line basis for not more than 10 years. When acquiring the entire equity, the entire assets and liabilities are accounted for in a manner similar to purchase accounting. Goodwill arising from such transactions was amortised over the estimated useful lives on a straight-line basis. On 1 January 2007, in accordance with PRC GAAP, the unamortised equity investment differences and goodwill arising from business combinations under common control were written off against undistributed profits.

Under IFRSs, the Company and its subsidiaries have adopted the purchase method to account for the acquisitions above. The assets and liabilities acquired in acquisitions were recorded at fair value by the acquirer. The excess of the acquisition cost over the proportionate share of fair value of net identifiable assets acquired was recorded as goodwill. Goodwill is not amortised but is tested annually for impairment and carried at cost less accumulated impairment losses. The operating results of the acquirees are consolidated in the operating results of the Company and its subsidiaries from the acquisition dates onwards. The contingent consideration not classified as equity is measured at fair value at each reporting date with the changes in fair value recognised in profit or loss, if such changes are not measurement period adjustments.

As mentioned above, the differences in the accounting treatment under PRC GAAP and IFRSs on business combinations under common control affect both equity and profit. Meanwhile, due to different measurement bases of the assets acquired, depreciation and amortisation in the period subsequent to the acquisition will be affected which will also affect the equity and profit or loss upon subsequent disposals of such investments. Such differences will be gradually eliminated following subsequent depreciation, amortisation and disposal of the related assets.

(b) Effect of depreciation on the capitalisation of borrowing costs in previous years

In previous years, under Previous PRC GAAP, the scope of capitalisation of borrowing costs was limited to specific borrowings, and thus, borrowing costs arising from general borrowings were not capitalised. In accordance with IFRSs, the Company and its subsidiaries capitalised borrowing costs on general borrowings used for the purpose of obtaining qualifying assets in addition to the capitalisation of borrowing costs on specific borrowings. From 1 January 2007 onwards, the Company and its subsidiaries adopted PRC GAAP No. 17 prospectively. The current adjustments represent the related depreciation on capitalised borrowing costs included in the cost of the related assets under IFRSs in previous years.

(c) GAAP differences impact on deferred income tax

This represents related deferred income tax impact on the GAAP differences above where applicable.