Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

龍源電力集團股份有限公司
CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00916)

Results Announcement For The Year Ended 31 December 2021

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2021, revenue amounted to RMB37,195 million, representing an increase of 29.7% over last year
- For the year ended 31 December 2021, profit before taxation amounted to RMB8,756 million, representing an increase of 26.5% over last year
- For the year ended 31 December 2021, net profit attributable to equity holders of the Company amounted to RMB6,413 million, representing an increase of 27.6% over last year
- For the year ended 31 December 2021, earnings per share amounted to RMB0.7663, representing an increase of RMB0.1782 over last year

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021, together with comparative figures for the corresponding period in 2020. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2021** *RMB'000*	2020 *RMB'000*
Revenue	5	**37,195,458**	28,667,181
Other net income	6	**1,136,073**	1,286,805
Operating expenses			
Depreciation and amortisation		**(8,294,946)**	(7,734,587)
Coal consumption		**(3,306,220)**	(1,994,407)
Coal sales costs		**(7,518,765)**	(3,638,924)
Service concession construction costs		**(170,875)**	(312,741)
Personnel costs		**(3,031,649)**	(2,645,476)
Material costs		**(172,838)**	(169,441)
Repair and maintenance		**(959,302)**	(924,215)
Administration expenses		**(734,922)**	(606,906)
Other operating expenses		**(1,584,198)**	(1,871,245)
		(25,773,715)	(19,897,942)
Operating profit		**12,557,816**	10,056,044
Finance income		**496,475**	374,148
Finance expenses		**(3,721,822)**	(3,457,535)
Net finance expenses	7	**(3,225,347)**	(3,083,387)
Share of profits less losses of associates and joint ventures		**(576,864)**	(51,080)
Profit before taxation	8	**8,755,605**	6,921,577
Income tax	9	**(1,488,368)**	(1,236,082)
Profit for the year		**7,267,237**	5,685,495

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Other comprehensive income/(loss):			
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax		**(59,467)**	(256,374)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**89,196**	99,395
Exchange differences on net investments in foreign operations		**1,905**	4,198
Other comprehensive income/(loss) for the year, net of tax	10	**31,634**	(152,781)
Total comprehensive income for the year		**7,298,871**	5,532,714
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**6,158,633**	4,726,369
– Perpetual medium-term notes and renewable corporate bonds holders		**254,417**	298,610
Non-controlling interests		**854,187**	660,516
Profit for the year		**7,267,237**	5,685,495
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**6,185,571**	4,584,213
– Perpetual medium-term notes and renewable corporate bonds holders		**254,417**	298,610
Non-controlling interests		**858,883**	649,891
Total comprehensive income for the year		**7,298,871**	5,532,714
Basic and diluted earnings per share *(RMB cent)*	11	**76.63**	58.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**134,524,849**	124,917,807
Investment properties		**7,680**	8,270
Right-of-use assets		**3,429,000**	2,860,813
Intangible assets		**6,897,614**	7,421,681
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,166,936**	4,055,962
Other assets		**4,653,079**	4,565,565
Deferred tax assets		**248,764**	210,403
Total non-current assets		**153,989,412**	144,101,991
Current assets			
Inventories		**752,198**	806,034
Trade and bills receivables	12	**27,086,720**	21,603,068
Prepayments and other current assets		**3,290,892**	2,831,266
Tax recoverable		**127,128**	52,573
Other financial assets		**742,494**	303,377
Restricted deposits		**250,439**	361,232
Cash at banks and on hand		**3,615,509**	5,226,331
Total current assets		**35,865,380**	31,183,881
Current liabilities			
Borrowings		**39,997,824**	37,875,159
Trade and bills payables	13	**4,083,421**	3,615,205
Other current liabilities		**14,139,621**	11,063,828
Lease liabilities		**37,325**	25,423
Tax payable		**287,634**	327,711
Total current liabilities		**58,545,825**	52,907,326
Net current liabilities		**(22,680,445)**	(21,723,445)
Total assets less current liabilities		**131,308,967**	122,378,546

	Notes	2021 *RMB'000*	2020 *RMB'000*
Non-current liabilities			
Borrowings		**55,065,437**	52,598,055
Lease liabilities		**1,064,320**	575,458
Deferred income		**1,099,411**	1,207,154
Deferred tax liabilities		**200,136**	173,116
Other non-current liabilities		**1,558,993**	1,375,789
Total non-current liabilities		**58,988,297**	55,929,572
NET ASSETS		**72,320,670**	66,448,974
CAPITAL AND RESERVES			
Share capital		**8,036,389**	8,036,389
Perpetual medium-term notes and renewable corporate bonds		**6,061,652**	6,045,435
Reserves		**48,834,843**	43,605,751
Total equity attributable to equity holders of the Company		**62,932,884**	57,687,575
Non-controlling interests		**9,387,786**	8,761,399
TOTAL EQUITY		**72,320,670**	66,448,974

NOTES

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") are principally engaged in wind and coal power generation and sale, coal trading and other related businesses in the People's Republic of China (the "**PRC**"). The registered office address of the Company is Room 2006, 20th Floor, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, PRC.

The Company's parent and ultimate holding company is China Energy Investment Corporation Limited ("**CHN Energy**"), which is a state-owned enterprise established in the PRC.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which include all applicable International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations 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 ("**Hong Kong Stock Exchange**").

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

(b) Basis of preparation of the financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises: (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises: (i) the fair value of the consideration received; (ii) the fair value of any investment retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2021 amounting to RMB22,680,445,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group's subsidiaries in South Africa ("**the subsidiaries**") had certain interesting-bearing bank borrowings denominated in South African Rand based on the Johannesburg Interbank Average Rate ("**JIBAR**") as at 31 December 2021. The subsidiaries in South Africa also had interest rate swaps whereby the Group paid interest at fixed rates and received interest at a variable rate based on JIBAR on the notional amount. The Group expects that JIBAR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's JIBAR-based borrowings. For the JIBAR-based borrowings and interest rate swaps, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group during the year. If the interest rates of these borrowings and interest rate swaps are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economic equivalent" criterion is met.

(b) Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

Amendment to IFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021, but has not received Covid-19-related rent concessions. The amendments did not have significant impact on the consolidated financial position and performance of the Group.

4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

– Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not mentioned above in "**All others**". Revenue included in this category is mainly from the manufacturing and sale of power equipment, the provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets do not include investments in associates and joint ventures, equity investments at fair value through other comprehensive income, other financial assets, tax recoverable, deferred tax assets and unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities, tax payable and unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated head office and corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

For the year ended 31 December 2021:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	**23,935,127**	**3,516,239**	**480,912**	**27,932,278**
– Others	**33,070**	**8,945,114**	**114,121**	**9,092,305**
Subtotal	**23,968,197**	**12,461,353**	**595,033**	**37,024,583**
Inter-segment revenue	**–**	**–**	**516,280**	**516,280**
Reportable segment revenue	**23,968,197**	**12,461,353**	**1,111,313**	**37,540,863**
Reportable segment profit (operating profit)	**12,354,385**	**351,118**	**40,891**	**12,746,394**
Depreciation and amortisation before inter-segment elimination	**(7,895,307)**	**(281,768)**	**(164,255)**	**(8,341,330)**
(Provision)/reversal of impairment losses of trade and other receivables	**(203,226)**	**–**	**4,661**	**(198,565)**
Provision of impairment losses of property, plant and equipment *(note (i))*	**(256,232)**	**–**	**–**	**(256,232)**
Interest income	**16,939**	**17,490**	**23,776**	**58,205**
Interest expense	**(2,886,397)**	**(51,242)**	**(143,062)**	**(3,080,701)**
Reportable segment assets	**179,273,710**	**4,886,975**	**9,482,343**	**193,643,028**
Expenditures for reportable segment non-current assets during the year	**16,774,270**	**435,405**	**2,092,303**	**19,301,978**
Reportable segment liabilities	**112,759,318**	**4,035,775**	**11,646,242**	**128,441,335**

Note:

(i) For the year ended 31 December 2021, the Group recognised the impairment losses of RMB256,232,000 of property, plant and equipment in "Other operating expenses" which mainly contains the followings: (1) certain property, plant and equipment in the wind power segment were in long-term delay of construction progress, the Group made a provision for the impairment of RMB78,679,000 (2020: RMB142,425,000). The Group made no provision for property, plant and equipment in coal power segment (2020: RMB225,000,000) and other segments (2020: RMB1,905,000); (2) the recoverable amount of two cash-generating units in wind power segment was lower than their carrying amount due to the continuing operating losses, the Group assessed the recoverable amount based on the discounted future cash flows and recognised an impairment loss of RMB177,553,000 (2020: nil). The Group did not recognise any impairment losses in other segments (2020: RMB306,684,000); (3) The Group did not make further provision for the wind farm demolished for the environmental protection purpose (2020: RMB265,902,000).

For the year ended 31 December 2020:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	20,385,582	2,721,207	308,474	23,415,263
– Others	17,764	4,872,021	49,392	4,939,177
Subtotal	20,403,346	7,593,228	357,866	28,354,440
Inter-segment revenue	–	–	789,281	789,281
Reportable segment revenue	20,403,346	7,593,228	1,147,147	29,143,721
Reportable segment profit/(loss) (operating profit/(loss))	10,087,416	526,154	(363,021)	10,250,549

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	(7,236,636)	(355,902)	(181,715)	(7,774,253)
Provision of impairment losses of trade and other receivables	(9,857)	–	(73,172)	(83,029)
Provision of impairment losses of property, plant and equipment	(408,327)	(225,000)	(308,589)	(941,916)
Interest income	16,284	11,804	29,715	57,803
Interest expense	(2,789,533)	(67,756)	(116,848)	(2,974,137)
Reportable segment assets	166,951,378	5,265,813	7,295,542	179,512,733
Expenditures for reportable segment non-current assets during the year	17,858,820	327,869	943,704	19,130,393
Reportable segment liabilities	109,076,167	3,646,941	9,970,003	122,693,111

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2021 ***RMB'000***	2020 *RMB'000*
Revenue		
Reportable segment revenue	**37,540,863**	29,143,721
Service concession construction revenue	**170,875**	312,741
Elimination of inter-segment revenue	**(516,280)**	(789,281)
Consolidated revenue	**37,195,458**	28,667,181
Profit		
Reportable segment profit	**12,746,394**	10,250,549
Elimination of inter-segment profit/(losses)	**25,944**	(6,081)
	12,772,338	10,244,468
Share of profits less losses of associates and joint ventures	**(576,864)**	(51,080)
Net finance expenses	**(3,225,347)**	(3,083,387)
Unallocated head office and corporate expenses	**(214,522)**	(188,424)
Consolidated profit before taxation	**8,755,605**	6,921,577

	2021	2020
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**193,643,028**	179,512,733
Inter-segment elimination	**(5,939,950)**	(6,934,135)
	187,703,078	172,578,598
Investments in associates and joint ventures	**4,166,936**	4,055,962
Equity investments at fair value through other comprehensive income	**674,109**	753,820
Other financial assets	**742,494**	303,377
Tax recoverable	**127,128**	52,573
Deferred tax assets	**248,764**	210,403
Unallocated head office and corporate assets	**75,631,836**	75,973,340
Elimination	**(79,439,553)**	(78,642,201)
Consolidated total assets	**189,854,792**	175,285,872
Liabilities		
Reportable segment liabilities	**128,441,335**	122,693,111
Inter-segment elimination	**(12,575,536)**	(12,615,135)
	115,865,799	110,077,976
Tax payable	**287,634**	327,711
Deferred tax liabilities	**200,136**	173,116
Unallocated head office and corporate liabilities	**74,332,469**	71,737,765
Elimination	**(73,151,916)**	(73,479,670)
Consolidated total liabilities	**117,534,122**	108,836,898

(c) Geographical information

(i) External revenue generated from the following countries:

	2021	2020
	RMB'000	*RMB'000*
PRC	**36,551,209**	28,110,281
Overseas	**644,249**	556,900
Total	**37,195,458**	28,667,181

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 investments in associates and joint ventures, deferred tax assets and financial assets included in other assets) located in the following countries:

	2021	2020
	RMB'000	*RMB'000*
PRC	**144,798,108**	135,155,584
Overseas	**4,052,090**	3,694,046
Total	**148,850,198**	138,849,630

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

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB27,288,029,000 for the year ended 31 December 2021 (2020: RMB22,858,363,000). All the service concession construction revenue was from the PRC government.

5 REVENUE

The amount of each significant category of revenue recognised during the year is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**27,932,278**	23,415,263
Sales of steam	**793,598**	636,348
Service concession construction revenue	**170,875**	312,741
Sales of coal	**7,694,661**	3,783,722
Others	**604,046**	519,107
	37,195,458	28,667,181

(i) Disaggregated revenue information:

For the year ended 31 December 2021

	Wind power	**Coal power**	**All others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Types of goods and services				
Sales of electricity	**23,935,127**	**3,516,239**	**480,912**	**27,932,278**
Sales of steam	**–**	**793,598**	**–**	**793,598**
Service concession construction revenue	**170,875**	**–**	**–**	**170,875**
Sales of coal	**–**	**7,694,661**	**–**	**7,694,661**
Others	**33,070**	**456,855**	**114,121**	**604,046**
	24,139,072	**12,461,353**	**595,033**	**37,195,458**

	Wind power	**Coal power**	**All others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Geographic markets				
Mainland China	**23,494,823**	**12,461,353**	**595,033**	**36,551,209**
Canada	**198,386**	**–**	**–**	**198,386**
South Africa	**388,187**	**–**	**–**	**388,187**
Ukraine	**57,676**	**–**	**–**	**57,676**
	24,139,072	**12,461,353**	**595,033**	**37,195,458**
Timing of revenue recognition				
Goods transferred at a point of time	**23,935,127**	**12,290,328**	**480,912**	**36,706,367**
Services transferred over time	**203,945**	**171,025**	**114,121**	**489,091**
	24,139,072	**12,461,353**	**595,033**	**37,195,458**

For the year ended 31 December 2020

	Wind power	Coal power	All others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and services				
Sales of electricity	20,385,582	2,721,207	308,474	23,415,263
Sales of steam	–	636,348	–	636,348
Service concession construction revenue	312,741	–	–	312,741
Sales of coal	–	3,783,722	–	3,783,722
Others	17,764	451,951	49,392	519,107
	20,716,087	7,593,228	357,866	28,667,181
Geographic markets				
Mainland China	20,159,187	7,593,228	357,866	28,110,281
Canada	210,995	–	–	210,995
South Africa	345,905	–	–	345,905
	20,716,087	7,593,228	357,866	28,667,181

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Timing of revenue recognition				
Goods transferred at a point of time	20,385,582	7,466,703	308,474	28,160,759
Services transferred over time	330,505	126,525	49,392	506,422
	20,716,087	7,593,228	357,866	28,667,181

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and services – others	**356,693**	216,108

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of electricity, steam and coal

The Group's contracts with customers for the sales of electricity, steam and coal generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point of time and revenue continues to be recognised upon transmission to the customers.

Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Rendering of services

Revenue from the rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021	2020
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**28,883**	78,867
After one year	**17,102**	23,946
	45,985	102,813

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the rendering of services, of which the performance obligations are to be satisfied within two years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

6 OTHER NET INCOME

	2021	2020
	RMB'000	*RMB'000*
Government grants	**986,558**	813,501
Rental income from investment properties	**13,033**	15,424
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	**23,579**	472,228
Loss on disposal of a subsidiary	**–**	(66,775)
Gains on bargain acquisition of subsidiaries	**8,801**	–
Others	**104,102**	52,427
	1,136,073	1,286,805

7 FINANCE INCOME AND EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Interest income on financial assets	**58,205**	57,803
Dividend income	**106,394**	142,799
Net unrealised profits on trading securities and derivative financial instruments	**289,580**	38,276
Foreign exchange gains	**42,296**	135,270
Finance income	**496,475**	374,148
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,196,585**	2,363,896
Interest on bank and other borrowings repayable more than five years	**1,244,579**	1,094,769
Interest on lease liabilities	**44,760**	25,570
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(405,223)**	(510,098)
	3,080,701	2,974,137
Foreign exchange losses	**94,685**	101,920
Net unrealised losses on trading securities and derivative financial instruments	**–**	115,278
Bank charges and others	**546,436**	266,200
Finance expenses	**3,721,822**	3,457,535
Net finance expenses	**(3,225,347)**	(3,083,387)

The borrowing costs have been capitalised at rates of 3.05% to 4.83% per annum for the year ended 31 December 2021 (2020: 1.48% to 5.00%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2021	2020
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**2,665,804**	2,480,322
Contributions to defined contribution retirement plans	**365,845**	165,154
	3,031,649	2,645,476

(b) Other items

	2021	2020
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**513,268**	525,850
Depreciation		
– investment properties	**590**	590
– property, plant and equipment	**7,652,938**	7,084,161
– right-of-use assets	**128,150**	123,986
Provision/(reversal) of impairment losses*		
– property, plant and equipment	**256,232**	941,916
– trade receivables	**203,127**	21,033
– other receivables	**(4,562)**	61,996
Auditors' remuneration		
– annual audit services	**17,280**	17,030
– interim review services	**6,300**	6,300
– other services	**2,558**	3,757
Operating lease charges		
– plant and equipment	**17,189**	8,440
– properties	**41,051**	41,838
Cost of inventories	**10,997,823**	5,802,772
Loss on disposal of a subsidiary	**–**	66,775
Gains on bargain acquisition of subsidiaries	**(8,801)**	–

* The provision/(reversal) of impairment losses is included in "Other operating expenses" in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income".

(c) Other operating expenses

	2021	2020
	RMB'000	*RMB'000*
Insurance expenses	**212,584**	185,871
Other tax expenses	**199,487**	163,094
Purchase of electricity charges	**92,158**	88,611
Technical service expenses	**158,661**	57,281
Impairment losses on property, plant and equipment	**256,232**	941,916
Impairment losses on trade and other receivables	**198,565**	83,029
Others	**466,511**	351,443
	1,584,198	1,871,245

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

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

	2021	2020
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**1,458,265**	1,270,969
Underprovision in respect of prior years	**17,349**	22,897
	1,475,614	1,293,866
Deferred tax		
Origination and reversal of temporary differences	**12,754**	(57,784)
	1,488,368	1,236,082

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2021 and 2020, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020. In addition, according to the announcement on continuation of enterprise income tax in West Development published by the Ministry of Finance of the People's Republic of China (the "**Ministry of Finance**"), the State Taxation Administration and the National Development and Reform Commission (the "**NDRC**") on 23 April 2020, the aforementioned subsidiaries established in the Western Region of the PRC are authorised to be taxed at a preferential income tax rate of 15% till 31 December 2030.

(ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

Longyuan Canada Renewables Ltd., a subsidiary of the Group in Canada, is subject to income tax at a rate of 26.5%. Longyuan South Africa Renewables Proprietary Ltd., a subsidiary of the Group in South Africa, is subject to income tax at a rate of 28%. Ukraine Yuzhne Energy Co., Ltd. and Longyuan Ukraine Southern Wind Power Generation Co., Ltd., subsidiaries of the Group in Ukraine, are subject to income tax at a rate of 18%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021	2020
	RMB'000	*RMB'000*
Profit before taxation	**8,755,605**	6,921,577
Notional tax on profit before taxation	**2,188,901**	1,730,394
Tax effect of non-deductible expenses	**79,272**	85,605
Tax effect of share of profits less losses of associates and joint ventures	**144,216**	12,770
Tax effect of non-taxable income	**(26,598)**	(33,005)
Effect of differential tax rate of certain subsidiaries of the Group	**(1,007,404)**	(796,495)
Use of unrecognised tax losses in prior years	**(89,458)**	(103,927)
Tax effect of unused tax losses and deductible temporary differences not recognised	**182,090**	317,843
Underprovision in respect of prior years	**17,349**	22,897
Income tax	**1,488,368**	1,236,082

10 OTHER COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive loss ("**FVOCI**"):		
– Changes in fair value recognised during the year	**(81,271)**	(338,941)
– Tax expense	**21,804**	82,567
Net of tax amount	**(59,467)**	(256,374)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations:		
– Before and net of tax amount	**89,196**	99,395
Exchange differences on net investment in foreign operations:		
– Before and net of tax amount	**1,905**	4,198
Other comprehensive income/(loss)	**31,634**	(152,781)

11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2021 of RMB6,158,633,000 (2020: RMB4,726,369,000) and the number of shares in issue during the year ended 31 December 2021 of 8,036,389,000 (2020: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

12 TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Amounts due from third parties	**27,247,722**	21,584,113
Amounts due from fellow subsidiaries	**44,008**	29,041
Amounts due from associates	**31,492**	23,366
	27,323,222	21,636,520
Less: Allowance for doubtful debts	**(236,502)**	(33,452)
	27,086,720	21,603,068
Analysed into:		
Trade receivables	**26,766,426**	20,974,110
Bills receivables	**320,294**	628,958
	27,086,720	21,603,068

(a) Ageing analysis

The ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year or no invoice date specified	**27,020,656**	21,536,160
Between 1 and 2 years	**56,404**	65,350
Between 2 and 3 years	**9,660**	1,558
	27,086,720	21,603,068

The Group's trade and bills receivables are mainly wind power, coal power and other renewable energy electricity sales receivables from local grid companies. Generally, the receivables are due within 15 to 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

(b) Impairment of trade and bills receivables

The movements in the loss allowance for doubtful debts are as follows:

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**33,452**	12,419
Impairment losses recognised	**205,696**	23,023
Reversal of impairment losses	**(2,569)**	(1,990)
Amount written off as uncollectible	**(77)**	–
At 31 December	**236,502**	33,452

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the NDRC of the PRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have came into force since January 2020 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) issued by the Ministry of Finance in March 2012 was repealed at the same time.

As at 31 December 2021, most of the Group's projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with the prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The trade receivables from the tariff premium are fully recoverable, considering that there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to measure the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Among the accrual of impairment in 2021, RMB203,593,000 was recognised for the trade receivables in relation to the connection-to-grid projects of the renewable energy plants. The management assessed that the trade receivables were not expected to be recovered and recognised impairment in "Other operating expenses".

Set out below is the information about the credit risk exposure on the Group's trade receivables:

As at 31 December 2021

	Within 1 year or no invoice date specified	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**0.84%**	**0.47%**	**14.09%**	**100.00%**	**0.88%**
Gross carrying amount *(RMB'000)*	**26,926,088**	**56,671**	**11,244**	**8,925**	**27,002,928**
Expected credit losses *(RMB'000)*	**225,726**	**267**	**1,584**	**8,925**	**236,502**

As at 31 December 2020

	Within 1 year or no invoice date specified	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	0.10%	1.77%	34.76%	100.00%	0.16%
Gross carrying amount *(RMB'000)*	20,929,086	66,530	2,388	9,558	21,007,562
Expected credit losses *(RMB'000)*	21,884	1,180	830	9,558	33,452

As at 31 December 2021, bills receivables were all bank acceptance bills with a maturity of one to twelve months, and management considered the probability of default as minimal.

13 TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Bills payables	**3,007,655**	2,459,349
Trade payables	**935,948**	1,017,563
Amounts due to associates	**24,111**	49,428
Amounts due to fellow subsidiaries	**115,707**	88,865
	4,083,421	3,615,205

The ageing analysis of trade payables by invoice date is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**3,786,520**	3,200,860
Between 1 and 2 years	**230,570**	311,533
Between 2 and 3 years	**33,554**	62,010
Over 3 years	**32,777**	40,802
	4,083,421	3,615,205

As at 31 December 2021 and 2020, all trade and bills payables are payable and expected to be settled within one year.

14 DIVIDENDS

On 30 March 2022, the directors of the Company resolved that a dividend of RMB0.1470 per share, amounting to RMB1,232,149,000 is to be distributed to the shareholders for 2021 subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. If any circumstances, such as issuance of new shares or share repurchase before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividend amount remains unchanged.

On 30 March 2021, the directors of the Company resolved that a dividend of RMB0.1176 per share, amounting to RMB945,079,000 distributed to the shareholders for 2020, and was approved by the shareholders at the Annual General Meeting on 28 May 2021. The dividend was fully paid in 2021.

On 27 March 2020, the directors of the Company resolved that a dividend of RMB0.1076 per share, amounting to RMB864,715,000 distributed to the shareholders for 2019, and was approved by the shareholders at the Annual General Meeting on 29 May 2020. The dividend was fully paid in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with the International Financial Reporting Standards)

I. INDUSTRY REVIEW

Operational Environment

In 2021, China has maintained its leading position in the world in terms of economic development and epidemic prevention and control as evidenced by its accelerated promotion in strategic science and technologies, the enhanced resilience of the industrial chain, effective guarantee of people's livelihoods featuring the ongonging improvement of ecological civilization construction and the advanced in-depth reform and opening up. Thanks to the country's strong economic resilience, the long-term positive fundamentals would not change. In 2021, the gross domestic product (GDP) for the year recorded a year-on-year increase of 8.1%, and the above-the-scale industrial added value across the country recorded a year-on-year increase of 9.6%. The fixed asset investment (excluding farmer household) recorded a year-on-year increase of 4.9%, and the total amount of the retail of social consumer goods recorded a year-on-year increase of 12.5%. Meanwhile, our national economic development is also facing the triple pressures from the shrink demand, supply shock and weakening expectations. In the face of a complex and challenging external environment, the changes unseen in a century are is evolving at an accelerated pace.

In 2021, the scale of installed wind power capacity expanded at a steady pace. According to the statistics from China Electricity Council, power consumption across the country was 8,312.8 billion kWh, representing a year-on-year increase of 10.3%, 7.1 percentage points higher than that of the same period in last year; and the total power generation across the country was 8,376.8 billion kWh, representing a year-on-year increase of 9.8%, 5.8 percentage points higher than that of last year. In particular, on-grid wind power generation amounted to 655.6 billion kWh, representing a year-on-year increase of 40.5%, with the proportion of the nationwide power generation up by 1.7 percentage points over last year. The average utilization hours of power generation facilities of 6,000 kilowatts and above across the country were 3,817 hours, representing a year-on-year increase of 60 hours, on-grid wind power utilization hours were 2,232 hours, up by 154 hours year on year. As at the end of 2021, the total power generation installed capacity across the country was 2,377 GW, representing a year-on-year increase of 7.9%, of which capacity of on-grid wind power was 328 GW (including 302 GW and 26 GW of onshore wind power and offshore wind power, respectively), accounting for 13.8% of the total installed capacity. In 2021, the newly added power generation capacity of infrastructure construction across the country amounted to 176 GW, of which capacity of on-grid wind power amounted to 48 GW.

Policy Environment

1. *Implementing the goal of carbon peak and carbon neutrality by establishing a whole chain of green development system and highlighting clean energy in wind and photovoltaic power*

In February 2021, the State Council promulgated the Guidance on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Economic Development System (《國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見》), to guide the construction of the national green and low-carbon circular development system and the whole chain of green and low-carbon. It formulated the main objectives of the country's carbon neutrality and green economy by 2025 and 2035 by phrases, with emphasis on increasing the utilization proportion of renewable energy, vigorously promoting the development of wind power and photovoltaic power generation and developing energies that characterized water, geotherm, marine, hydrogen, biomass as well as solar thermal based on local features. Through carrying out the omni bearing greenness on planning, design, investment, construction, production, distribution, living and consumption, the guidance also clarified that the green development of the whole economic chain is based on the efficient utilization of resources and the strict protection of the ecological environment, and effective control of greenhouse gas emissions, with aim to prompt the green development of China moving into a new level.

In March 2021, the Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標綱要》) were promulgated. It made strategic arrangement for achieving the carbon peak and carbon neutrality commitments. With "cleanness" as its core and the combination with the existing energy industry, we will develop integrated energy bases with a focus on clean power sources such as wind power, solar power generation and hydropower, among others, accelerate the intelligent renovation of power grid infrastructure and the construction of smart microgrid outline, improve the consumption and storage capacity of clean energy, and accelerate the construction of pumped storage power stations and the large-scale application of new energy storage technologies.

In April 2021, the National Energy Administration issued the Guiding Opinions for Energy Work for 2021 (《二零二一年能源工作指導意見》). It is suggested in this document that, the main expected targets for 2021 include: coal consumption ratio will be lower than 56%; newly-added alternative output from power generation will reach around 20 GWh; the power generation as a percentage of the terminal energy consumption will strive for reaching around 28%. The utilization rate of wind power, photovoltaic power generation and renewable energy maintained at relatively high level, and the average utilization hours of inter-regional transmission channels shall be increased to about 4,100 hours.

In October 2021, the CPC Central Committee and the State Council issued the Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Achieve Carbon Peak and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which further emphasized the important role of developing renewable energy in achieving the goal of "dual carbon", and clearly put forward the development goals that non-fossil energy sources account for 20% of energy consumption by 2025 and account for 25% of energy consumption by 2030. The development of green renewable energy such as wind power and photovoltaic power, the reduction of the use of fossil energy, the realization of clean substitution of energy production and the reduction of carbon emissions from the source is one of the important paths to achieve the goal of carbon peak and carbon neutrality.

In October 2021, the State Council issued the Notice on the Action Plan for Achieving Carbon Peaks by 2030 (《二零三零年前碳達峰行動方案的通知》. The document proposed to vigorously develop new energy sources, comprehensively promote large-scale development and high-quality development of wind power and solar power generation, insisted on the combination of centralized and decentralized modes, and accelerated the construction of wind and photovoltaic power generation bases. By accelerating the innovation and upgrade of the smart photovoltaic industry and its featured application, it innovated the "photovoltaic+" model, and promote the diversified layout of photovoltaic power generation. By adhering to the emphasis on both land and sea, promoting the coordinated and rapid development of wind power, improving the offshore wind power industry chain and encouraging the construction of offshore wind power bases, it actively aimed to develop solar thermal power generation, and promote the establishment of a wind-solar-thermal comprehensive renewable energy power generation bases with complementary regulation of solar thermal power generation, photovoltaic power generation and wind power generation so as to further improve the renewable energy power consumption guarantee mechanism. By 2030, the total installed capacity of wind and solar power generation would reach over 1,200 GW.

2. ***Ensure the integrated development of power generation, grid, load and energy storage by securing the consumption of renewable energy and promoting the sustainable and healthy development of new energy construction***

In February 2021, the NDRC and the National Energy Administration issued the Guiding Opinions on Promotion of Integration of Power Generation, Grid, Load and Storage and Multi-energy Complementary Development (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》). The implementation path of the integration of power generation, grid, load and storage, through the optimization and integration of the power generation-side, grid-side and load-side resources, reasonable allocation of energy storage, would gave priority to the development of new energy, positively implement the stock improvement of "Integration of Wind, Solar, Water and Coal Storage" combining with steady incremental promotion of "Integration of Wind, Solar, Water (Storage)" and the incremental exploration of the "Integration of Wind, Solar and Storage" as well as the strict incremental control of the "Integration of Wind, Solar and Coal (Storage)". The proportion of renewable energy power in external transmission channels should not, in principle, be less than 50%. The local consumption shall be carried out for incrementation, and priority shall be given to the use of new energy power.

In May 2021, the National Energy Administration formally issued the Notice Regarding the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (《關於二零二一年風電、光伏發電開發建設有關事項的通知》). Various provinces (autonomous regions, municipalities) were required for completing the newly-added grid-connection projects for the annual minimum consumption responsibility weight of non-hydropower generation consumption by implementing guaranteed grid connection by power grid enterprises, for which the scale of guaranteed grid connection shall be not less than 90 GW for 2021. The approved wind power projects before the end of 2020 which maintained the validly during the period of approval, parity wind power and photovoltaic power generation projects in 2019 and 2020 and bidding photovoltaic projects shall be directly incorporated into the scope of guaranteed grid connection in various provinces (autonomous regions, municipalities).

In May 2021, the General Office of the NDRC, the Comprehensive Department of the National Energy Administration jointly issued the Notice on Regarding the Investment in and Construction of the Supporting Transmission Projects for New Energy (《關於做好新能源配套送出工程投資建設有關事項的通知》). Under the circumstance of asynchrony between the construction of new energy power generation units and that of supporting transmission projects which would affect the grid connection and consumption of new energy, it aimed to solve problems affecting the consumption of new energy grid connection, allow to invest in the construction of supporting transmission projects for new energy by the power generation enterprises, and repurchase according to laws and regulations by power grid enterprises at appropriate time.

In June 2021, the National Energy Administration issued the Notice on Submitting of Pilot Program for the Development of Rooftop Distributed Photovoltaic throughout Counties (Municipalities, Districts) (《關於報送整縣(市、區)屋頂分佈式光伏開發試點方案的通知》), pursuant to which, it intended to pilot the nationwide work on promotion of the development of rooftop distributed photovoltaic throughout counties (municipalities, districts). The pilot counties (municipalities, districts) , and the photovoltaic installation areas as a percentage of the total rooftop areas of buildings of Party and governments authorities, schools and hospitals, distributed photovoltaic places in industry and commerce as well as the house roofs of rural residents shall not be lower than 50%, 40%, 30% and 20%, respectively.

In July 2021, the NDRC and the National Energy Administration issued the Notice on Encouraging Renewable Energy Power Generation Enterprises to Build or Purchase Peak Shaving Capacity to Increase the Scale of Grid Connection (《關於鼓勵可再生能源發電企業自建或購買調峰能力增加併網規模的通知》), encouraging power generation enterprises to build their own energy storage or peak shaving capacity to increase the scale of grid connection, allow power generation enterprises to purchase energy storage or peak shaving capacity to increase the scale of grid connection. Self-built peak shaving resources means the construction of pumped storage, chemical energy storage power stations, gas power, solar thermal power stations or flexible renovation of coal power by power generation enterprises on a wholly-owned basis. Peaking capacity will be allocated and constructed at a pegging ratio of 15% of power (over 4 hours in length) at the beginning of the scale beyond the guaranteed grid connection of grid enterprises, and the priority grid connection is given to those with a pegged ratio of 20% or above.

In November 2021, the National Energy Administration issued the Notice on Promoting the Integration of Power Sources, Grids, Loads and Storage and Multi-energy Complementary Development in 2021 (《關於推進二零二一年度電力源網荷儲一體化和多能互補發展工作的通知》). It clarified that each provincial-level energy authority should carry out the assessment of "integrated" projects, fully link with the renewable energy development plan in the national "14th Five-Year Plan", clarify, by demonstration on separate basis, the "integrated" projects in project conditions, consumption conditions, construction scale, access system plans, supporting power grid projects, and such projects shall be included into the provincial (autonomous regions, municipalities) power planning on a priority basis by the end of December.

In December 2021, the NDRC and the National Energy Administration issued the Notice on the First List of Large-Scale Wind Power and Photovoltaic Base Construction Projects Focusing on Sands, Gobi and Desert Areas (《第一批以沙漠、戈壁、荒漠地區為重點的大型風電、光伏基地建設項目清單的通知》), the list involved 19 provinces with a total scale of 97.05 GW. The generally-committed utilization rate of projects was 84% and 95%, of which certain individual projects was up to 98%. Based on the list, all local governments shall reasonably arrange the timing of work resumption based on project maturity by work resumption on separate basis when project conditions were met as evidenced by perseverance. The project was licensed as the "National Large-scale Wind Power and Photovoltaic Base Project" upon the establishment of the project.

3. *Establishing responsibility weight assessment to promote the immediate consumption of new energy via various levers such as data and spot market*

In February 2021, the National Energy Administration issued the Key Points on Energy Supervision and Regulation Working for 2021 (《二零二一年能源監管工作要點》). In this document, it suggested that the construction of power market shall be vigorously promoted, overall planning shall be made to promote the construction of medium and long term power trading market, spot market and auxiliary service market, and various transaction categories shall be linked up well.

In March 2021, the National Energy Administration issued the Plan for the Comprehensive Supervision and Regulation of Clean Energy Consumption (《清潔能源消納情況綜合監管工作方案》). A nation-wide comprehensive supervision and regulation of clean energy consumption shall be organized and carried out by virtue of optimizing grid connect and operational dispatch of clean energy as well as regulating the market-oriented transactions involving clean energy, thus to ensure the efficient use of clean energy.

In May 2021, the NDRC, Office of the Central Cyberspace Affairs Commission, Ministry of Industry and Information Technology and the National Energy Administration jointly issued the Implementation Plan for the Hashrate Hub of Collaborative Innovation System of National Integrated Big Data Centre (《全國一體化大數據中心協同創新體系算力樞紐實施方案》). In this plan, it suggested that data centre shall be pushed to make full use of renewable energy, including wind power, solar power, tidal power and biomass energy, and data centre cluster shall be equipped with renewable energy power station. The data centre enterprises shall be encouraged to participate in market-oriented trading of renewable energy. The data centre shall be supported to increase the consumption of renewable energy power generation by adopting the ways of direct supply to big consumer, creating special line and distributed photovoltaic construction.

In May 2021, the NDRC and the National Energy Administration issued the Notice on Further Better Pilot Work for the Construction of Power Spot Market (《關於進一步做好電力現貨市場建設試點工作的通知》), which indicated that six provinces or municipalities including Shanghai, Jiangsu, Anhui, Liaoning, Henan and Hubei were to be added as the second batch of power spot pilot. New energy projects shall be encouraged to participate in power market with power grid enterprises, users, electricity selling companies through entering into long-term (e.g., 20 years and more) contracts for differences, new energy projects shall be guided to connect to the grid through the way of bidding for 10% of their estimated current power generation, and market-oriented trading portion may not be included into full life cycle-guaranteed acquisition hours.

In October 2021, the National Energy Administration issued the Notice of Grid Connection and Power Generation in Best Effort Regarding the Active Promotion of New Energy Power Generation Projects (《關於積極推動新能源發電項目能併盡併、多發滿發有關工作的通知》), which emphasized the accelerated building of grid connection in wind power and photovoltaic power generation projects for increasing the clean energy supplies. Power grid enterprises, based on the principal of "Grid Connection in Best Effort", shall strive to adopt effective measures to guarantee the prompt grid connection for the qualified wind power and photovoltaic power generation projects; and based on the principal of "Power Generation in Best Effort", power grid enterprises shall strictly implement preferential power generation system, whereby to achieve the full thrust of power generation projects of new energy in best effort. Meanwhile, the engineering construction of supporting grid connection shall be laid in wind power and photovoltaic power generation projects via enhanced overall planning and coordination.

4. *Steadily reforming the tariffs, improving policies, perfecting the market-oriented mechanism, and supporting the healthy development of new energy industry*

In June 2021, the NDRC issued the Notice on Issues Related to the 2021 Policies for On-Grid Tariff of New Energy (《關於二零二一年新能源上網電價政策有關事項的通知》). The notice clarified that since 2021, the specific on-grid tariff of newly filed centralized photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects (the new projects) shall be collected directly according to the local benchmark price of conventional coal-fired power, not being arrived at by competitive methods any longer. In the meanwhile, the on-grid tariff of new projects can be arrived at through participating market-oriented trading voluntarily. The on-grid tariff of newly approved (filed) offshore wind power projects and solar-thermal power generation projects shall be fixed by the local provincial price authority and be arrived at by competitive distribution when the conditions permit. In addition, all regions were encouraged to introduce targeted supporting policies to support the healthy and sustainable development of new energy industries such as offshore wind power and solar-thermal power generation.

In July 2021, the NDRC issued the Notice on Further Optimizing the Time-of-use (TOU) Electricity Price Mechanism (《關於進一步完善分時電價機制的通知》). Through the overall consideration of factors such as the peak-trough difference of local power system, the proportion of new energy installed capacity and system adjustment ability, the price difference of peak-trough tariff was reasonably fixed to guide the load adjustment by users, thus to promote the green and low-carbon development of energy.

In October 2021, the NDRC issued the Notice on Further Deepening the Market-Oriented Reform on On-Grid Tariff of Coal-fired Power Generation (《關於進一步深化燃煤發電上網電價市場化改革的通知》). By expanding the floating range of market transaction tariffs, the coal-fired power market transaction price shall not be floated more than 10% higher and shall not be floated more than 15% lower in principle, and the spread shall not be floated more than 20% higher and lower in principle, and the market transaction tariff of high energy-consuming enterprises shall not be subject to the 20% higher.

5. Strengthening the financial supports, developing carbon finance in an orderly manner and exploring the solution of renewable energy subsidies

In January 2021, the NDRC issued Catalogue of Industries Encouraged to Develop in the Western Region (2020 Edition) (《西部地區鼓勵類產業目錄(二零二零年本)》). Corporate income tax may be levied at a reduced rate of 15% on enterprises in encouraged industries that were established in the western region, and the accreditation criteria of revenue of enterprises' main businesses as a percentage in the total revenue was extended from 70% to 60%. The application scope of the Western Region included 12 provinces (autonomous regions, municipalities), namely, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang (including the Corps), Inner Mongolia and Guangxi. In addition, Yanbian in Jilin, Enshi in Hubei, Xiangxi in Hunan and Ganzhou in Jiangxi shall implement relevant measures according to the policies of the Western Region for those industries encouraged. The construction and operation of wind farms and solar power stations were included in the regional catalogues of industries encouraged.

In January 2021, the Ministry of Ecology and Environment issued the Administrative Measures for Carbon Emissions Allowance Trading (in Trial) (《碳排放權交易管理辦法(試行)》). National carbon emissions allowance registration organization and national carbon emissions allowance trading mechanism were established, the plan for determination and allocation of total quota of carbon emissions was formulated, and a mechanism of allocation with compensation was introduced at appropriate time. As of 31 December 2021, 2,225 key greenhouse gas emissions units nationwide were assigned quota of carbon emissions. This was the first time for our country to effectively allocate the responsibilities for control of emissions of greenhouse gas to enterprises at a national level.

In March 2021, the NDRC, joined with the Ministry of Finance, the People's Bank of China, China Banking and Insurance Regulatory Commission and the National Energy Administration, jointly issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》), which proposed that the enterprises where renewable energy projects had been included in the subsidy list may apply for subsidy and approve loans for the financial subsidy funds that which had been confirmed receivable but had not been received, and at the same time appropriately covered the interest costs shared by the enterprises by issuing green power certificates.

In May 2021, the Ministry of Finance issued the Notice Regarding the Renewable Energy Electricity Tariff Surcharge Subsidy Budget in 2021 (《二零二一年可再生能源電價附加補助資金預算的通知》), stipulating that the projects included in the batch 1 to batch 3 of Catalogue of Photovoltaic Poverty Alleviation, the PV projects determined by bidding in 2019 and new PV and biomass projects determined with the principle of "determining expenditure by the revenue" shall be paid in priority and in full; as to other power generation projects, equal proportion shall be allocated according to the subsidy funds payable from the day on which the project was connected to the grid till the end of 2020; as to the projects that the power generation hours have reached reasonable utilization hours, the payment of the subsidy funds shall be ceased after reasonable utilization hours were reached. When the funds paid for the relevant projects had exceeded the amount for the reasonable utilization hours, the exceeding amount shall be deducted in the subsequent tariff settlement.

In November 2021, the People's Bank of China introduced two new structural monetary policy instruments: carbon emission reduction facility (CERF) and special re-loans for clean and efficient utilisation of coal. By the end of 2021, the two tools have been successfully implemented. The first batch of CERF amounted to RMB85.5 billion, and the qualified carbon reduction loans issued by financial institutions amounted to 142.5 billion, supporting 2,817 enterprises in total and reducing carbon emission by approximately 28.76 million tons. The method of providing funding support by the two instruments adopted direct arrival mechanism featuring "lending before borrowing". The central bank provided low-cost funding support for loans that meet the requirements based on a certain percentage of the loan principal. The proportion of support for CERF was 60%, while that of support for special re-loans for clean and efficient use of coal was 100%, and the interest rates were both 1.75%.

II. BUSINESS REVIEW

In 2021, the Group firmly adhered to the general principle of making progress in a steady way, focused on both quality and efficiency, achieved remarkable results in existing operations, and reached a new level in incremental development. During the reporting period, the consolidated installed capacity of the Group increased by 2,104 MW, of which wind power amounted to 1,451 MW. The accumulated power generation amounted to 63,285,328 MWh, representing a year-on-year increase of 19.26%, of which wind power generation amounted to 51,299,762 MWh, representing a year-on-year increase of 17.44%. As at 31 December 2021, the consolidated installed capacity of the Group was 26,699 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 23,668 MW, 1,875 MW and 1,156 MW, respectively.

1. Building a solid foundation through efforts in safety and environmental protection and sparing no efforts to explore the potential of management, so as to enhance corporate efficiency

In 2021, the Group took the "Document No. 1 (一號文件)" on safety and environmental protection as the guiding principles, seriously fulfilled its responsibility for safety production, and effectively enhanced the safety risks management and control level. The situation on safety production of the Group was stable, and the prevention and control of the COVID-19 pandemic was effective. It built a digital platform for safety and environmental protection monitoring and control, and developed multiple modules for hidden danger identification, eco-environmental protection and emergency response management, fully covering the need of on-site safety management. It strictly controlled the entry of outsourced projects, and carried out remote inspections of high-risk operations to ensure that the entire process of outsourcing was under control. In accordance with the requirements under the Three-Year Action Plan for Special Improvement for National Safety Production (《全國安全生產專項整治三年行動計劃》), the Group prepared "two lists", namely list of problems and hidden dangers and list of systems and measures. It supplemented the risk database, improved the system for addressing risks and hidden danger, and advanced the modernization of its governing ability. It promoted and implemented the Safety Production Law and the Amendments to the Criminal Law. To enhance employees' awareness of the law and consciousness in compliance with the law, it compiled question banks and organized examinations. Training on safety was conducted at different levels. Emergency response plan system was improved, and emergency drills were conducted, so as to strengthen the foundation for safety production. In the annual safety and environmental protection appraisal and rating conducted by CHN Energy, the Group was rated as a "Leading Unit for Safety and Environmental Protection (安全環保先進單位)", eight of its subsidiaries were rated as "First Grade Enterprise for Safety and Environmental Protection (安全環保一級企業)" and four of its subsidiaries were rated as units with "Safety Production for Long Period (安全生產長週期)", maintaining its leading position among the new energy enterprises under CHN Energy.

In 2021, the Group continued to improve its digital platform in accordance with the three-year digitalization transformation construction plan. The data collection rate was nearly 100%, and the Group achieved video and wireless equipment's coverage over wind turbine units, realizing online management of production personnel, production vehicles and operating vessels. At the same time, the Group had deployed over 100 equipment warning models and continued to develop predictive warning algorithms on the basis of digitalization to enhance equipment maintenance and reduce power loss; it had also established a new operation and inspection model of "regional maintenance centre + centralised monitoring centre" to achieve unmanned and unattended operation at some of its stations and to improve the utilisation hours through the reliability of equipment. In addition, the Group had also developed its own power prediction system for new energy farms and stations to promote coordinated development of the source and the grid and reduce assessment costs.

In 2021, the Group continued to implement equipment management work. The Group made key breakthroughs in common systemic problems and promoted the construction of trouble-free wind farms. The Group commenced the upgrading of grid-related equipment, completed the separation of ABB inverter IGBTs from wind turbines and the technical reform of gearbox temperature control valves, with a focus on solving obstinate equipment problems and eliminating concentrated defects. At the same time, the Group started to implement the work of replacing small units of wind turbine with larger ones. The Group completed the resource classification, and economic assessment of the Company's 1.5MW and below wind turbines. It completed the preparation of feasibility study reports for replacing small units of wind turbine with larger ones for a number of old wind farms in a number of subsidiaries, some of which have obtained certificates for filing.

In 2021, the Group generated a cumulative gross electricity output of 63,285,328 MWh, of which electricity generated from our wind power segment amounted to 51,299,762 MWh, representing a year-on-year increase of 17.44%, mainly attributable to the increase in the generating capacity and the year-on-year increase in wind speed. In 2021, the average utilisation hours of the wind power business was 2,366 hours, increasing by 127 hours as compared with that of 2020, which was primarily attributable to the year-on-year increase in wind speed and the outstanding equipment management, thereby enhancing the stability of the running of equipment.

During the reporting period, the consolidated power generation from coal power segment of the Group was 10,776,027 MWh, representing an increase of 19.28% as compared with 9,034,239 MWh in the corresponding period of 2020. The average utilisation hours of the Group's coal power segment in 2021 was 5,747 hours, representing an increase of 929 hours as compared with 4,818 hours in 2020. The increase in the Group's coal power generation and utilization hours in 2021 was mainly due to the increase in electricity load in Jiangsu Province.

2. Climbing new highs in resource acquisition by consolidating leading edge and diversifying development

In 2021, the Group had new resource reserves of 56.46 GW, representing an increase of 9.44% as compared to the same period of 2020, of which, wind power, photovoltaics power and multi-energy complementarity projects amounted to 11.76 GW, 36.70 GW and 8.00 GW, respectively, and all of which were located in areas with abundant sources. The newly-added agreed capacities of Guangxi, Jiangsu, Inner Mongolia, Heilongjiang, Xinjiang, Yunnan, Hunan, Shandong, Jiangxi, Ningxia, Shaanxi, Tianjin, Hebei, Shanxi, Zhejiang, Jilin, Liaoning, Anhui, Fujian and other provinces were all above one million kW. Among the nationwide competitive allocation, the Group won bids of 9,465 MW, including wind power of 2,172 MW, photovoltaics power of 6,113 MW and power grid side energy storage of 1,180 MW/1,920 MWh, distributed projects of 4,900 MW, and clean heating projects of 4,000 MW, making a breakthrough of cumulative development quota of exceeding 18,365 MW for the year.

The 2021 marks the opening year of the "14th Five-Year Plan". The Group has entered the great developmental threshold of wind and photovoltaic power simultaneously, multi-energy complementarity, diversified development, which, in turn, faced with unprecedented challenges and opportunities. The Group adherently implemented "Four revolutions & One cooperation" regarding energy security new strategies through giving full play of professional new energy platform and following the Group's core development concept and path, thus to promote the efficient and rapid development of photovoltaic power, consolidate the leading edges of wind power, build pilot base featuring cleanness, efficiency and multi-energy complementarity, actively explore offshore grid parity of wind power as well as expand and lead energy storage, hydrogen energy and other new technologies. The Group also rapidly acquired excellent resources by promoting project implementation with high quality in the form of self-development, co-development and project M&A and other various forms. Within CHN Energy, the Group took its advantages in the whole industrial chain of coal, power generation, transportation and chemical industry all over the country to expand resource reserve, and jointly ventured with leading enterprises in the industry outside CHN Energy to develop strategic cooperation, thus to serve a ballast for large-scale development.

3. Stabilize engineering construction landscape by implementing environmental protection and achieve new enhancements in development quality

In 2021, the Group embraced safe and steady project construction status, the project quality and environmental protection level were steadily improved without any material or above safety, quality, environmental protection accident or mass incident affecting social stability throughout the year, with no case of COVID-19 infection. The project progress was effectively advanced, and the project cost was controllable and under practical control. The production task throughout the year has been successfully completed. Among them, the offshore wind power H4 and H6 projects in Dafeng, Jiangsu, as project to maintain electricity price, overcame the influence of short time, heavy tasks, and difficult coordination and other various unfavorable factors, by creating a record-breaking speed for hoisting construction in a single month in the industry, and achieving high-quality production at the end of the year.

In 2021, the Group continued to pay attention to safety and environmental protection. Through the preparation of safety inspection cards for high-risk operations, the guidance of high-risk operations such as high-slope and lifting, and the enhancement of safety management and control in advance of and during the event, the Group has effectively eliminated and reduced the hidden dangers of engineering safety and improved the safety management efficiency of high-risk operations, strictly implemented the "Three Concurrence" requirements for conservation of water and soil, included the environmental protection and water conservation plan in the review management process of preliminary design review and bidding document by planning from the source, overall planning in the construction process, reducing secondary treatment costs, thus reducing the total construction cost and creating a "Lucid waters and lush mountains" project.

In 2021, the Group strengthened the standardization construction of projects and the innovation of high-quality projects and implemented the three-way system construction requirements of "Manual for Universal Design, Universal Equipment and Universal Cost". The Group has also compiled the preparation of typical design plan of the booster station, the "Safe and Civilized Construction Standardization Manual" (《安全文明施工標準化手冊》), the "Quality Standard Process Atlas" (2021 version) (《質量標準工藝圖集》(二零二一版)) of the construction tender section, and the "Standardization Manual of the Owner's Project Department" (《業主方項目部標準化手冊》), which have become the standardized promotion sample of engineering construction within the CHN Energy, which realized the standardization, normalization and professional management of new energy project projects.

In 2021, the Group had 24 projects newly put into operation, and the consolidated installed capacity amounted to 2,104 MW, among which, wind power projects were 16 with installed capacity of 1,451 MW, and photovoltaic projects were 8 with installed capacity of 653 MW. In addition, the Group reduced consolidated installed capacity of wind power of 86 MW in total by stripping off defective assets. As of 31 December 2021, the Group's consolidated installed capacity amounted 26,699 MW, among which, the consolidated installed capacities of wind power, thermal power and other renewable energy amounted 23,668 MW, 1,875 MW and 1,156 MW, respectively.

4. Continuously optimise the marketing and increase market transactions in both volume and price

In 2021, the Group actively carried out spot trading, and achieved growth in both volume and price of market-oriented trading throughout the year. Scientific formulation of the optimal proportion of spot and medium and long-term electricity trading to maximize revenue. The Company expanded the scale of wind and thermal power generation substitution, actively participated in the trading of green electricity, and orderly promoted revenue generation in various aspects. During the year, the Group carried out marketing training to strengthen "practical operation" and "internal skills", including national carbon market progress, renewable energy consumption quota, international green certificate, domestic green certificate, carbon trading operation mechanism, etc. In the first "National Energy Cup" Intelligent Construction Skills Competition – Power Trading Skills Competition held by CHN Energy, the Company won the group third prize and individual first and third prize. At the same time, the Company accelerated the construction of marketing informatization, independently developed supporting tools for supporting transactions, and effectively improved the quality of spot transactions. The Company organized its subsidiaries to participate in the green power trading pilot, all of which were transacted at a price higher than the benchmark coal power price. We arranged green certificate trading for grid parity projects and sold 316,000 international green certificates.

In 2021, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB468 per MWh (value-added tax ("**VAT**") exclusive), representing an increase of RMB5 per MWh as compared with RMB463 per MWh (VAT exclusive) in 2020. The average on-grid tariffs for wind power amounted to RMB489 per MWh (VAT exclusive), representing an increase of RMB2 per MWh as compared with RMB487 per MWh (VAT exclusive) in 2020, mainly attributable to the expansion of market transaction volume and the increase of market transaction tariff in wind power. The average on-grid tariffs for coal power amounted to RMB352 per MWh (VAT exclusive), representing an increase of RMB27 per MWh as compared with RMB325 per MWh (VAT exclusive) in 2020, which is mainly due to the rise of market transaction tariff.

5. **Closely follow policies to expand financing, reduce capital costs through multiple channels**

In 2021, the Group paid close attention to the policy orientation, seized the RRR reduction window and extracted the low-cost funds through multiple channels, accelerated the frequency of short-term fund operations, and saved financial expenses. The Group also actively and prudently adjusted the debt structure to avoid debt risks by actively initiating replacement of high-interest-rate stock loans to reduce capital costs. Under the coordination mechanism of the vertical management of the headquarters, the capital plan shall be rigidly managed and the efficiency of capital use shall be continuously improved, thus to maximize the time value of capital. Meanwhile, the Group kept an eye on the two major capital markets both at home and abroad, aiming to further expand financing channels. In 2021, it successfully issued 26 tranches of ultra-short-term financing bonds, three tranches of medium-term notes, and two tranches of green medium-term notes, maintaining an industry advantage in capital cost throughout the year. In particular, the successful issuance of two tranches of green medium-term notes by the Group not only effectively reduced capital costs, but also demonstrated the Group's responsibility and commitment to "Carbon Peaking and Carbon Neutrality". In addition, the Group actively revitalized stock assets with the financial instruments traded in open markets, and successfully issued renewable energy electricity subsidy asset securitization products worthy of RMB1 billion.

6. Strengthen science and technology construction by focusing on enhancing the leading capacity and innovation capacity in the industry

In 2021, the Group promoted high-quality scientific and technological innovation, establishing 39 scientific and technological projects and reserving 27 scientific and technological innovation projects throughout the year, covering ocean ranch, hydrogen production from new energy, multi-form energy storage and integrated energy. The integrated development projects between floating offshore wind power and cage aquaculture has completed the basic design. It also conducted the first global physical model pool test featuring the "Integration of Wind Power and Fishery" and was selected into "Top Ten Technical Issues for 2021" assessed and selected by China Association for Science and Technology. The national key special wind resource assessment software localization project completed the structural design of the two assessment software for wind resources and typhoon risks, and passed the mid-term inspection of the Ministry of Science and Technology. Meanwhile, the Group has also obtained the right of editor-in-chief of 1 national standard and 3 energy industry standards. Nine industry standards edited including "Operation Safety Protocol for Offshore Wind Farms" (《海上風電場運行安全規程》) were approved and issued by the National Energy Administration; 4 group standards and other standards including "Regulation on Design, Construction and Installation of Steel Structures for Offshore Booster Stations" (《海上升壓站鋼結構設計、建造與安裝規範》) were approved and issued by the Chinese Society of Electrical Engineering. The Group took the lead in compiling "History of China's Electric Power Industry – Volume for Renewable Energy Power Generation" and applied for the 2022 national publishing fund project by collecting 10 million words of historical materials, and completed the revised draft of 720,000 words for the tenth edition.

In 2021, the Group had 19 new invention patent applications and authorized 29 new patents (8 and 21 for invention and utility model patents, respectively). As of the end of 2021, the Group has a total of 493 valid patents authorized, among which, invention patents, utility models and appearance patents were 49, 427 and 17, respectively. This year, the Group also won 8 awards in Scientific and Technological Advancement in the industry and 5 awards in Scientific and Tech-nological Advancement in CHN Energy.

7. Overcome the impact of overseas pandemic and actively expand to achieve progressive development

In 2021, the COVID-19 pandemic remained spreading globally. Various countries maintained border control unopened with uncertainty on turnover restriction, which has made material impact on overseas business progress, project construction and dispatch of foreign-related groups. Against the backdrop of the global COVID-19 pandemic, the Group moved forward against the trend, and it fully used the personnel, institutions and markets and other advantages in the existing business areas, in which we developed rolling, thus efficiently promoting the development and construction of new energy projects. The 76.5 MW wind power project in Uzhny, Ukraine was put into production at full capacity within the year. The Group also closely followed the market trends, deeply explored the market potential of Central and Eastern Europe, Southeast Asia, Africa, Latin America, among others, developed key projects in order to strive to achieve breakthroughs in key markets.

In 2021, the Group continued to strengthen overseas asset management, effectively prevented and controlled the pandemic and production risks, operated all in-service projects well. Canada Dufferin Wind Farm of the Group recorded total power generation of 265 GWh throughout the year; its utilization hours reached 2,670 hours, and it has maintained safe production for 2,587 consecutive days. The affiliated wind power projects in De Aar of South Africa recorded the power generation of 783 GWh in total, the project utilization hours reached 3,204 hours, and maintained its accumulated safe production for 1,522 days. The affiliated wind power projects in Uzhny, Ukraine recorded the power generation of 91 GWh in total, the project utilization hours reached 1,127 hours, and maintained its accumulated safe production for 141 days.

8. **Implement carbon emission reduction policy by leading in the carbon market trading to help new growth of interests**

In 2021, the Group proactively promoted carbon trading, as shown by that the subordinated carbon asset company completed the first order in terms of national carbon emission rights trading quota in carbon market. Meanwhile, the Group seized the window period of performance by completing CCER (Chinese Certified Emission Reduction) trades of nearly 500,000 tons. In 2021, against the backdrop of dual carbon goal, the national carbon emission rights trading quota in carbon market completed the first term of performance period. There were more than two thousand units which have been included into the key emission units under the quota management in the power generation industry, and it became the world's largest-scale market covering greenhouse gas emissions. According to the "Administrative Measures for Carbon Emissions Rights Trading (Trial)" (《碳排放權交易管理辦法（試行）》) issued by the Ministry of Ecology and Environment. The key emission units were able to use CCER to offset the settlement of carbon emission quota for each year with offsetting percentage not above 5%. The new energy enterprises will become the important suppliers and beneficiary of CCER. In addition, the affiliated South African company of the Group completed the first carbon trading of more than 200,000 tons for an overseas project of CHN Energy, which attributed as the first international voluntary emission reduction trading for a large-scale renewable energy project in South Africa. The Group will continue to tap into the carbon markets both at home and abroad to reap fruitful harvest both on environmental and economic benefits.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In 2021, the net profit of the Group amounted to RMB7,267 million, representing an increase of 27.8% as compared to RMB5,685 million in 2020. Net profit attributable to equity holders of the Company amounted to RMB6,413 million, representing an increase of 27.6% as compared to RMB5,025 million in 2020. Earnings per share amounted to RMB76.63 cents, representing an increase of RMB17.82 cents as compared to RMB58.81 cents in 2020.

Operating revenue

In 2021, the operating revenue of the Group amounted to RMB37,195 million, representing an increase of RMB8,528 million or 29.7% as compared to RMB28,667 million in 2020. The increase of operating revenue was mainly due to: (1) revenue from electricity sales and other revenue of wind power segment in 2021 was RMB23,968 million, representing an increase of RMB3,565 million or 17.5% as compared to RMB20,403 million in 2020, which was primarily due to increases in electricity sales volume and the average unit price of electricity sales of wind power segment as compared to 2020; (2) service concession construction revenue of wind power segment in 2021 was RMB171 million, representing a decrease of RMB142 million or 45.4% as compared to RMB313 million in 2020, which was primarily due to a decrease in construction volume of service concession projects under construction in 2021 as compared to 2020; (3) coal sales revenue of the coal power segment in 2021 was RMB7,695 million, representing an increase of RMB3,911 million or 103.4% as compared to RMB3,784 million in 2020, mainly due to the increase in the sales volume and unit selling price of coal as compared to 2020; (4) revenue from sales of electricity of the coal power segment for 2021 was RMB3,516 million, representing an increase of RMB795 million or 29.2% as compared to RMB2,721 million in 2020, mainly due to the increase in sales volume of electricity and average unit price of electricity of coal power as compared to 2020; revenue from sales of steam amounted to RMB794 million, representing an increase of RMB158 million or 24.8% as compared to RMB636 million in 2020, mainly due to the increase in sales volume of steam and average unit price of sales of steam as compared to 2020; and (5) revenue from renewable electricity sales of other segments in 2021 was RMB481 million, representing an increase of RMB173 million or 56.2% as compared to RMB308 million in 2020, mainly due to the increase in sales volume of biomass and photovoltaic power.

Operating revenue of each segment and their respective proportions are set out in the table below:

Operating revenue	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Electricity sales and other revenue of wind power segment	**23,968**	**64.4%**	20,403	71.2%
Electricity sales of coal power segment	**3,516**	**9.5%**	2,721	9.5%
Steam sales of coal power segment	**794**	**2.1%**	636	2.2%
Coal sales	**7,695**	**20.7%**	3,784	13.2%
Electricity sales of other renewable energy businesses	**481**	**1.3%**	308	1.1%
Service concession construction revenue	**171**	**0.5%**	313	1.1%
Others	**570**	**1.5%**	502	1.7%
Total	**37,195**	**100.0%**	28,667	100.0%

Other net income

In 2021, other net income of the Group amounted to RMB1,136 million, representing a decrease of 11.7% as compared to RMB1,287 million in 2020, mainly due to: (1) a decrease of RMB382 million in net gains from disposal of non-current assets and a subsidiary as compared to 2020; (2) an increase of RMB173 million in government grants as compared to 2020; and (3) an increase of RMB48 million in income from insurance claims as compared to 2020.

The breakdown of other net income items and their respective proportions are set out in the table below:

Other net income	**2021** Amount *(RMB million)*	**2021** Proportion *(%)*	2020 Amount *(RMB million)*	2020 Proportion *(%)*
Government grants	**987**	**86.9%**	814	63.2%
Others	**149**	**13.1%**	473	36.8%
Total	**1,136**	**100.0%**	1,287	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB25,774 million in 2021, representing an increase of 29.5% as compared to RMB19,898 million in 2020, primarily due to: (1) an increase of RMB659 million in depreciation and amortisation expenses, a decrease of RMB142 million in service concession construction costs and an increase of RMB438 million in personnel costs in the wind power segment; (2) an increase of RMB3,880 million in the cost of coal sales and an increase of RMB1,312 million in the cost of coal consumption in the coal power segment; and (3) the provision of RMB455 million made for the impairment in 2021, representing a decrease of RMB570 million as compared to RMB1,025 million in 2020.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB8,295 million in 2021, representing an increase of 7.2% as compared to RMB7,735 million in 2020, primarily due to: (1) an increase of RMB659 million or 9.1% in depreciation and amortisation expenses in the wind power segment as compared to 2020 as a result of the effect of expansion in the installed capacity of wind power projects; (2) a decrease of RMB105 million or 27.1% in depreciation and amortisation expenses of the coal power segment and biomass business in other segments as compared to 2020; and (3) an increase of RMB23 million, or 20.1% in depreciation and amortisation expenses of the photovoltaic power business in other segments as compared to 2020.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB3,306 million in 2021, representing an increase of 65.8% as compared to RMB1,994 million in 2020, which was primarily due to: (1) an increase in the consumption of standard coal by approximately 16.2% as a result of the combined effect of the increase in power generation and the increase in heat sales; and (2) an increase of approximately 42.6% in the average unit price of standard coal for power generation and heat supply as affected by the increase in coal price in 2021.

Coal sales costs

Coal sales costs of the Group in 2021 amounted to RMB7,519 million, representing an increase of 106.6% as compared to RMB3,639 million in 2020, which was primarily due to: (1) an increase of approximately 73.1% in the average unit purchase price of coal as compared to 2020; and (2) an increase of approximately 19.4% in the sales volume of coal in 2021 as compared to 2020.

Service concession construction costs

The Group's service concession construction costs in 2021 amounted to RMB171 million, representing a decrease of 45.4% as compared to RMB313 million in 2020, primarily due to a decrease in construction volume of service concession projects under construction in 2021 as compared to 2020.

Personnel costs

Personnel costs of the Group amounted to RMB3,032 million in 2021, representing an increase of 14.6% as compared to RMB2,645 million in 2020, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed wind power capacity, resulting in an increase in the salary level of staff; (2) the fact that the pandemic relief policy enjoyed in 2020 was not continued this year; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB173 million in 2021, representing an increase of 2.4% as compared to RMB169 million in 2020, which was primarily due to: (1) an increase in power generation volume of the coal power segment and the corresponding increase in the production volume of power generation by-products, resulting in the decrease of external procurement of power generation by-products; and (2) an increase in material consumption as a result of the increase in biomass power generation.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB959 million in 2021, representing an increase of 3.8% as compared to RMB924 million in 2020, primarily due to an increase in the installed capacity of the wind power segment during the year and an increase in the generating units after the warranty period.

Administration expenses

Administrative expenses of the Group amounted to RMB735 million in 2021, representing an increase of 21.1% as compared to RMB607 million in 2020, which was primarily due to an increase in the expenses including consulting fees, repair costs, office allowance and travel expenses with the growth of the Group's business.

Other operating expenses

Other operating expenses of the Group amounted to RMB1,584 million in 2021, representing a decrease of 15.4% as compared to RMB1,872 million in 2020, which was primarily due to: (1) the provision for impairment of RMB455 million in 2021, representing a decrease of RMB570 million as compared with the provision for impairment of RMB1,025 million in 2020; and (2) with the increase in the Group's business in 2021, the technical service expenses and some other expenses amounted to RMB495 million, representing an increase of RMB268 million as compared with RMB227 million in 2020.

Operating profit

In 2021, the operating profit of the Group amounted to RMB12,558 million, representing an increase of RMB2,502 million or 24.9% as compared to RMB10,056 million in 2020, which was primarily due to: (1) an increase of RMB2,267 million in operating profit of wind power segment as a result of the increase in installed capacity of wind power segment, the increase in electricity sales volume and average unit price; (2) a decrease of RMB175 million in operating profit of coal power segment as a result of the combined effect of the increase in electricity sales volume and average unit price of electricity sales in coal power segment and the increase in average purchase price of coal; and (3) an increase of RMB404 million in operating profit of other segments as a result of the increase in electricity sales volume of biomass and photovoltaic power in other segments and the decrease in provision for impairment losses as compared with 2020.

Net finance expenses

Net finance expenses of the Group amounted to RMB3,225 million in 2021, representing an increase of RMB142 million or 4.6% as compared to RMB3,083 million in 2020. The change was primarily due to: (1) an increase of RMB107 million in the interest expense of the Group in 2021 as compared to 2020 due to the increase in the average balance of borrowings; (2) an increase of RMB85 million in the net foreign exchange losses incurred by the Group in 2021 as compared with 2020; (3) an increase of RMB208 million in gains from changes in fair value of interest rate swap agreements as compared with 2020; (4) an increase of RMB159 million in the unrealised gains for trading securities held in 2021 as compared with 2020; (5) the fact that the Group conducted various securitization business of trade receviable, resulting in an increase of RMB241 million of related charges in 2021 as compared with 2020; (6) a decrease of RMB37 million in interest and dividend income from financial assets in 2021 as compared with 2020; (7) an increase of RMB10 million in other bank charges in 2021 as compared with 2020; and (8) a decrease of RMB29 million in cash discount received in 2021 as compared with 2020.

Share of profits less losses of associates and joint ventures

The Group's share of losses of associates and joint ventures amounted to RMB577 million in 2021, representing an increase of RMB525 million or 1009.6% as compared to share of losses of RMB52 million in 2020, which was primarily due to the decline in operation results of Jiangsu Nantong Power Generation Co., Ltd. in 2021 resulting from the increase in coal cost as well as the increase in loss of Guodian United Power Technology Co., Ltd..

Income tax

In 2021, the income tax of the Group amounted to RMB1,488 million, representing an increase of 20.4% as compared to RMB1,236 million in 2020, which was mainly due to an increase of 26.5% in profit before tax in 2021.

Net profit

In 2021, the net profit of the Group amounted to RMB7,267 million, representing an increase of 27.8% as compared to RMB5,685 million in 2020, which was mainly due to the combined effect from the increase in net profit of wind power segment and the decrease in net profit of coal power segment.

Net profit attributable to equity holders of the Company

In 2021, the net profit attributable to equity holders of the Company amounted to RMB6,413 million, representing an increase of 27.6% as compared to RMB5,025 million in 2020, mainly attributable to the combined effect from the increase in net profit of wind power segment and the decrease in net profit of coal power segment.

Segment results of operations

Wind power segment

Operating revenue

In 2021, the operating revenue of the wind power segment of the Group amounted to RMB24,139 million, representing an increase of 16.5% as compared to RMB20,716 million in 2020, primarily due to the combined effect from the increase in revenue from electricity sales in the wind power segment resulting from the increase in installed capacity, average utilisation hours and average unit price of electricity sales and the decrease in revenue from service concession construction.

Operating revenue in the wind power segment and proportions are set out in the table below:

	2021		2020	
Operating revenue	**Amount** *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**23,935**	**99.2%**	20,386	98.4%
Service concession construction revenue	**171**	**0.7%**	313	1.5%
Others	**33**	**0.1%**	17	0.1%
Total	**24,139**	**100.0%**	20,716	100.0%

Operating profit

In 2021, the operating profit in the wind power segment of the Group amounted to RMB12,354 million, representing an increase of 22.5% as compared to RMB10,087 million in 2020, which was mainly attributable to the increase in operating profit in the wind power segment resulting from the increase in installed capacity, electricity sales volume of wind power segment and the average unit price of electricity sales.

Coal power segment

Operating revenue

In 2021, operating revenue of the coal power segment of the Group amounted to RMB12,461 million, representing an increase of 64.1% as compared to RMB7,593 million in 2020, primarily due to: (1) an increase of RMB795 million in electricity sales revenue of coal power segment as compared to 2020 as affected by the increase in electricity sales volume and the average unit price of electricity sales of coal power segment in 2021; and (2) an increase of RMB3,911 million in revenue of coal sales as compared to 2020 resulting from the impact of an increase in sales volume of coal and an increase in average unit selling price of coal in 2021.

Operating revenue of the coal power segment and proportions are set out in the table below:

	2021		2020	
Operating revenue	**Amount**	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Revenue from electricity sales	**3,516**	**28.2%**	2,721	35.8%
Revenue from sales of steam	**794**	**6.4%**	636	8.4%
Revenue from coal trading	**7,695**	**61.8%**	3,784	49.8%
Others	**456**	**3.6%**	452	6.0%
Total	**12,461**	**100.0%**	7,593	100.0%

Operating profit

In 2021, the operating profit of coal power segment of the Group amounted to RMB351 million, representing a decrease of 33.3% as compared to RMB526 million in 2020, which was mainly attributable to the combined effect of the increase in electricity sales revenue resulting from the increase in the average utilisation hours and the average unit price of electricity sales of coal power segment as well as the corresponding increase in coal consumption costs.

Operating profit of the coal power segment and proportions are set out in the table below:

	2021		2020	
Operating profit	**Amount**	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Sales of electricity, steam and others	**175**	**49.9%**	381	72.4%
Coal trading business	**176**	**50.1%**	145	27.6%
Coal power segment	**351**	**100.0%**	526	100.0%

Other segments

Operating revenue

In 2021, the operating revenue of other segments of the Group amounted to RMB1,111 million, representing a decrease of 3.1% as compared to RMB1,147 million in 2020, which was mainly attributable to (1) an increase in revenue from electricity sales of RMB175 million resulting from the increase in electricity volume generated from biomass and photovoltaic power; and (2) an increase of RMB151 million in consulting and design services in other segments and a decrease of RMB379 million in revenue from the Engineering Procurement Construction ("EPC") as a result of the decrease in EPC services provided.

Operating revenue of other segments and proportions are set out in the table below:

	2021		2020	
Operating revenue	**Amount**	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Revenue from electricity sales	**481**	**43.3%**	308	26.9%
Revenue from EPC	**69**	**6.2%**	448	39.1%
Revenue from other sales	**509**	**45.8%**	358	31.2%
Others	**52**	**4.7%**	33	2.8%
Total	**1,111**	**100.0%**	1,147	100.0%

Operating profit

In 2021, the operating profit of other segments of the Group amounted to RMB41 million, representing an increase of 111.3% as compared to RMB363 million of operating loss in 2020, which was mainly attributable to the combined effect of (1) the increase in electricity sales from biomass and photovoltaic power as compared to 2020; and (2) the decrease of RMB386 million in the provision for impairment of other segments in 2021 as compared to 2020.

Assets and liabilities

As at 31 December 2021, total assets of the Group amounted to RMB189,855 million, representing an increase of RMB14,569 million as compared with total assets of RMB175,286 million as at 31 December 2020. This was primarily due to:

(1) an increase of RMB4,681 million in current assets including trade and bills receivables; and

(2) an increase of RMB9,888 million in non-current assets including property, plant and equipment.

As at 31 December 2021, total liabilities of the Group amounted to RMB117,534 million, representing an increase of RMB8,697 million as compared to total liabilities of RMB108,837 million as at 31 December 2020. This was primarily due to:

(1) an increase of RMB3,058 million in non-current liabilities including long-term borrowings; and

(2) an increase of RMB5,639 million in current liabilities including short-term borrowings.

As at 31 December 2021, equity attributable to equity holders of the Company amounted to RMB62,933 million, representing an increase of RMB5,245 million as compared with RMB57,688 million as at 31 December 2020, which was mainly earnings from business in the period.

Details of assets, liabilities and equity are set out in the tables below:

Assets	**2021 Amount *(RMB million)***	2020 Amount *(RMB million)*
Property, plant and equipment	**134,525**	124,918
Investment properties	**8**	8
Right-of-use assets	**3,429**	2,861
Intangible assets and goodwill	**6,959**	7,483
Other non-current assets	**9,069**	8,832
Current assets	**35,865**	31,184
Total	**189,855**	175,286

Liabilities	**2021 Amount *(RMB million)***	2020 Amount *(RMB million)*
Long-term borrowings	**55,065**	52,598
Deferred income and deferred tax liabilities	**1,300**	1,381
Lease liabilities (long-term)	**1,064**	575
Other non-current liabilities	**1,559**	1,376
Current liabilities	**58,546**	52,907
Total	**117,534**	108,837

Capital liquidity

As at 31 December 2021, current assets of the Group amounted to RMB35,865 million, representing an increase of RMB4,681 million as compared with the current assets of RMB31,184 million as at 31 December 2020. It was mainly attributable to the increase in trade and bills receivables.

Current assets by item and proportions are set out in the table below:

Current assets	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	*(%)*	*(RMB million)*	*(%)*
Trade and bills receivables	**27,087**	**75.5%**	21,603	69.3%
Prepayments and other current assets	**3,291**	**9.2%**	2,831	9.1%
Cash at banks and on hand and restricted deposits	**3,866**	**10.8%**	5,588	17.9%
Others	**1,621**	**4.5%**	1,162	3.7%
Total	**35,865**	**100.0%**	31,184	100.0%

As at 31 December 2021, current liabilities of the Group amounted to RMB58,546 million, representing an increase of RMB5,639 million as compared with the current liabilities of RMB52,907 million as at 31 December 2020, which was mainly attributable to the increase in short-term borrowings, trade and bills payables and other current liabilities.

Current liabilities by item and proportions are set out in the table below:

Current liabilities	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	*(%)*	*(RMB million)*	*(%)*
Short-term borrowings	**39,998**	**68.3%**	37,875	71.6%
Trade and bills payables	**4,083**	**7.0%**	3,615	6.8%
Other current liabilities	**14,140**	**24.1%**	11,064	20.9%
Lease liabilities (short-term)	**37**	**0.1%**	25	0.0%
Tax payable	**288**	**0.5%**	328	0.7%
Total	**58,546**	**100.0%**	52,907	100.0%

As at 31 December 2021, net current liabilities of the Group amounted to RMB22,680 million, representing an increase of RMB957 million as compared with the net current liabilities of RMB21,723 million as at 31 December 2020. The liquidity ratio was 0.61 as at 31 December 2021, representing an increase of 0.02 as compared with the liquidity ratio of 0.59 as at 31 December 2020. The increase was mainly attributable to the greater increase of current assets such as trade receivables than the increase of current liabilities such as short-term borrowings during the year.

Restricted deposits amounted to RMB250 million, which mainly represent monetary funds used for repaying bank loans.

Borrowings and bills payables

As at 31 December 2021, the Group's balance of the borrowings and bills payables amounted to RMB98,071 million, representing an increase of RMB5,139 million as compared with the balance of RMB92,932 million as at 31 December 2020. As at 31 December 2021, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB43,006 million (including long-term borrowings due within one year of RMB15,852 million and bills payables of RMB3,008 million) and long-term borrowings amounting to RMB55,065 million (including debentures payables of RMB14,390 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB90,062 million, borrowings denominated in U.S. dollars of RMB2,454 million and borrowings denominated in other foreign currencies of RMB2,547 million. As at 31 December 2021, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB1,914 million and corporate bonds with fixed interest rates of RMB14,390 million. As at 31 December 2021, the balance of bills payables issued by the Group amounted to RMB3,008 million.

Borrowings and bills payables by type and proportions are set out in the table below:

Borrowings and bills payables	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bank loans	**59,167**	**60.3%**	53,290	57.4%
Other financial institution loans	**41**	**0.1%**	41	0.1%
Loans from fellow subsidiaries	**4,839**	**4.9%**	595	0.6%
Loans from an associated company	**100**	**0.1%**	100	0.1%
Corporate bonds	**30,916**	**31.5%**	36,447	39.2%
Bills payables	**3,008**	**3.1%**	2,459	2.6%
Total	**98,071**	**100.0%**	92,932	100.0%

Borrowings and bills payables by term and proportions are set out in the table below:

Borrowings and bills payables	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Within 1 year	**43,006**	**43.9%**	40,334	43.4%
1–2 years	**13,537**	**13.8%**	10,515	11.3%
2–5 years	**22,077**	**22.5%**	25,815	27.8%
Over 5 years	**19,451**	**19.8%**	16,268	17.5%
Total	**98,071**	**100.0%**	92,932	100.0%

The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the table below:

Borrowings and bills payables	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bills payables	**3,008**	**3.1%**	2,459	2.6%
Fixed rate borrowings	**41,543**	**42.4%**	41,624	44.8%
Floating rate borrowings	**53,520**	**54.5%**	48,849	52.6%
Total	**98,071**	**100.0%**	92,932	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB19,302 million in 2021, representing an increase of 0.9% as compared to RMB19,130 million in 2020, among which, the expenditures for the construction of wind power projects amounted to RMB16,774 million, and the expenditures for the construction of other renewable energy projects amounted to RMB2,085 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

Capital expenditures classified by use and proportions are set out in the table below:

Capital expenditures	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Wind power projects	**16,774**	**86.9%**	17,859	93.4%
Other renewable energy projects	**2,085**	**10.8%**	903	4.7%
Others	**443**	**2.3%**	368	1.9%
Total	**19,302**	**100.0%**	19,130	100.0%

Net gearing ratio

As at 31 December 2021, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 56.13%, representing a decrease of 0.24 percentage point from 56.37% as at 31 December 2020. This was primarily due to the increase in debts being lower than the increase in total equity during 2021.

Major investments

The Group made no major investment in 2021.

Material acquisitions and disposals

References are made to the announcements of the Company dated 15 January 2021, 4 June 2021, 18 June 2021, 23 July 2021 and the circular (the "**Circular**") of the Company dated 8 July 2021 in relation to, amongst others, the proposed absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. ("**Pingzhuang Energy**") by the Company through share swap, and the disposal by Pingzhuang Energy of all its assets and liabilities (excluding the deferred tax assets, deferred revenue and taxes payable) to Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), the controlling shareholder of Pingzhuang Energy, and the purchase of certain new energy business assets held by other subsidiaries of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司) by the Company through cash payment (the "**Transaction**"). The third extraordinary general meeting in 2021, the first domestic shareholders class meeting in 2021 and the first H shareholders class meeting in 2021 were held on 23 July 2021, at which, among other things, the resolution on absorption and merger of Pingzhuang Energy through share swap and disposal of material assets and purchase of assets through cash payment was considered and passed. The Transaction involved the issue of a total of 345,574,164 A shares to all shareholders of Pingzhuang Energy on the registration date of implementation of the merger, in exchange for the A shares of Pingzhuang Energy held by such shareholders, with a par value of RMB1 each. As at 15 January 2021, being the date of the agreement on absorption and merger through share swap, the closing price of the H shares of the Company was HK$10.32. The issue price of the A shares of the Company was RMB11.42 per share, adjusted to RMB11.30 per share. All of the A shares to be issued were for the absorption and merger of Pingzhuang Energy through share swap and no funds were raised. Upon completion of the merger, Pingzhuang Energy will be delisted and ultimately disqualified as a legal person. The Company, as the surviving company, shall inherit and take over, directly or through its designated wholly-owned subsidiaries, the assets and liabilities of Pingzhuang Energy other than the assets to be disposed of.

The Transaction aligned with the national new energy development strategy, could help consolidate and enhance the industry leading position and international competitiveness of the Company, was conducive to broadening financing channels and enhancing competitive advantages of the Company, and to reducing horizontal competition and realizing resource integration. For details of the Transaction, please refer to the Circular.

On 8 December 2021, the Company received the Reply on the Approval of the Application for Absorption and Merger of Inner Mongolia Pingzhuang Energy Co., Ltd. through Share Swap by China Longyuan Power Group Corporation Limited (Zheng Jian Xu Ke [2021] No. 3813) issued by the China Securities Regulatory Commission. On 24 January 2022, the Company successfully completed the listing of its A shares on the Shenzhen Stock Exchange.

Upon completion of the listing of the A shares, the total number of issued shares of the Company is 8,381,963,164 (comprising 5,041,934,164 A shares and 3,340,029,000 H shares). Please refer to the chapter headed connected transactions in this annual report for further details.

Save for that, during the reporting period, the Company made no other major acquisitions and disposals.

Pledged assets

As at 31 December 2021, general banking facilities, bonds and other borrowings amounting to RMB11,454 million are secured by tariff collection rights and equipment with net carrying amount of RMB2,218 million and inventories with net carrying amount of RMB3 million.

Contingent liabilities/Guarantees

As at 31 December 2021, the Group issued a counter-guarantee of no more than RMB15 million to the controlling shareholder of an associate. As at 31 December 2021, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.

Cash flow analysis

As at 31 December 2021, bank deposits and cash held by the Group amounted to RMB3,616 million, representing a decrease of RMB1,610 million as compared to RMB5,226 million as at 31 December 2020, which was mainly attributable to the investment in wind power projects and repayment of borrowings. The principal sources of funds of the Group mainly included self-owned funds and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow from the Group's operating activities amounted to RMB16,755 million in 2021, representing an increase of RMB4,482 million as compared to RMB12,273 million in 2020, which was mainly attributable to the increase in revenue generated from sale of electricity.

The net cash outflow from investing activities of the Group was RMB18,467 million in 2021. The cash outflow from investing activities was mainly used for the construction for wind power projects.

The net cash inflow from financing activities of the Group was RMB95 million in 2021. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate bonds and bank loans. The cash outflow from financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

Cash inflows from financing activities and cash outflows from financing activities are set out in the table below:

Cash inflows from financing activities	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Proceeds from borrowings	**115,257**	**97.8%**	85,329	92.4%
Cash received relating to other financing activities	**532**	**0.5%**	1,025	1.1%
Proceeds from issuance of perpetual medium-term notes and renewable corporate bonds	**1,999**	**1.7%**	5,989	6.5%
Total	**117,788**	**100.0%**	92,343	100.0%

Cash outflows from financing activities	**2021**		2020	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Repayment of borrowings	**110,260**	**93.7%**	72,282	87.7%
Interests paid and lease payments	**3,755**	**3.2%**	3,424	4.2%
Repayment of perpetual medium-term notes and renewable corporate bonds	**2,000**	**1.7%**	5,000	6.1%
Dividends paid	**1,678**	**1.4%**	1,640	2.0%
Total	**117,693**	**100.0%**	82,346	100.0%

IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

In 2021, as the power market-oriented reform continued to advance, the trading scale and scope of new energy market continued to expand. The gradual development of the new energy spot market and the policy require all general industrial and commercial users to enter the electricity market, which will lead to an increase in the market-based trading of electricity throughout the society, and new energy enterprises may face the risk of a further decline in electricity prices and revenue. After the National Energy Administration issued the Measures for the Administration of Power Auxiliary Services (電力輔助服務管理辦法), it is expected that various provinces will intensively introduce new auxiliary service policies. The new measures add new types of ancillary services such as momentum of inertia, grading, stable switch service and stable load shedding service may lead to an increase in ancillary service costs. Meanwhile, there is also uncertainty as to whether the gradual establishment of the sharing mechanism for power users to participate in ancillary services stipulated in the new measures can be implemented in a timely manner. The Group will continue to track relevant national policies by studying and judging the impact of polices, thus to take effective measures, and actively offer advice and suggestions to earnestly protect the interests of new energy enterprises.

2. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of our nation which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind speeds in the same period. In 2021, the average wind speed of most provinces (autonomous regions and municipalities) in our nation is close to the normal annual level, and the power generation standards are on the normal condition. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As at the end of 2021, the Group had substantial projects in 32 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimized and rational project layout. In the future, the Group will further balance the project development ratio in the regions subject to the impact of different monsoons.

3. Risks relating to power grids

In 2021, the situation of grid structure curtailment and insufficient transmission capacity will still exist in some areas in the future and the situation of new energy grid curtailment will still under great pressure as affected by the continued increase in new energy installations and the asynchronous power grid construction. The Group will continue to study the operation characteristics of wind power, make good use of national policies, expand consumption channels, and reduce the risk of grid curtailment. At the same time, we will communicate actively with the competent government authorities and power grid dispatching to strive for favorable policies and power generation spaces.

4. Risk in interest rate

In 2021, changes in macro-economic environment at home and abroad, national economic policies and other factors caused the change in market interest rate, and the fluctuation of market interest rate had a certain impact on loans of the Company and the issuance interest rate of relevant bonds. Keeping abreast of market changes, the Group established financial market information sharing mechanism with several financial institutions, focused on macro environment, fiscal and monetary policies, specific operations of the central bank, and market risk events, and selected a favorable issue window to avoid the risk in interest rate resulting from the acute market volatility; the Group continued to increase the type of financing, did well in setting product terms and quotas, and matching long-term and short-term so as to ensure the stabilities of overall interest rate; the Group kept close cooperation with the financial institutions, to guarantee that issuance interest rate can be at a comparable low level in the degree of marketization.

5. Risk in currency exchange rate

The Group's foreign exchange management principles are not involved in any speculative arbitrage, but for the purpose of risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of the Company. In the preliminary investigation and preparation stage of new overseas projects, the Group shall propose suggestions on prevention and control of foreign exchange risk according to relevant data such as new project feasibility report, after consulting with professional financial institutions for external opinions, taking into consideration local overall social and economical situation, so as to avoid the potential foreign exchange risk that may appear in the construction period. In the start-up stage of new projects, the relevant foreign exchange risk items shall be reviewed mainly through the data reported by overseas subsidiaries. Meanwhile, the Group has continuously strengthened the management of overseas financial personnel. Once the foreign exchange risk exposure caused by currency mismatch and other factors of overseas subsidiaries is found, we will immediately verify the relevant potential risks. Upon confirmation, we will gather all financial institutions in Hong Kong to set up a temporary risk control team with overseas companies involved in risks and the Finance Department of the Company to study, judge and put forward relevant hedging plans. After the plans are approved, all parties shall strictly implement them to ensure that foreign exchange risks are under control.

6. Risk in fuel prices

The Group has two coal power plants with a consolidated installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business. At present, the risk is mainly the fluctuation risk of coal price. In 2021, the Group made every effort to complete the full coverage of the annual long-term agreement on coal supply, and signed the annual long-term agreement with CHN Energy. Meanwhile, the Group made good efforts in securing annual quotas for imported coal, paid close attention to changes in coal prices and freight rates to increase the purchase volume at low cost.

V. OUTLOOK IN 2022

Outlook for Business Environment at Home and Abroad

With the introduction of the “Dual Carbon” target, China’s policy environment for the development of wind power and photovoltaic power generation has undergone profound changes: the logic of new energy development has changed, and there have been significant adjustments to the thinking, mechanism and mode of new energy development. The national authorities have made it clear on several public occasions that during the 14th Five-Year Plan period, they will anchor on the target of peak carbon dioxide emissions and carbon neutrality, take the high-quality development as the theme, the improvement of quality and efficiency as the main line, the reform and innovation as the driving force; will adhere to the five parallel development ideas (i.e., simultaneous development of centralized and distributed power stations, onshore and offshore ones, power supply for both local use and other provinces, development of single type with cooperation of multi types, both single scenario and comprehensive scenarios) and promote the transformation of new energy development from consumption determining development scale to the consumption supporting development demand, so as to achieve large-scale, high-proportion, market-oriented and high-quality leap in respect of the new energy development.

With the global carbon neutrality and emission reduction targets, the overall development of the industry has been positive. However, with the spread of variants of COVID-19, the global spread of the pandemic has not been effectively controlled and border controls remain in place, hindering the effective advancement of offshore pre-development work. The impact of the COVID-19 pandemic on global logistics, industry and supply chains will continue to hang over the supply and transportation of projects under construction. With the rise in electricity prices since 2021, international energy giants have stepped up their new energy transformation efforts, and emerging buyers have flooded into the market to capture the world’s premium wind and solar resources, making it more difficult to secure projects and lowering project yields. At the same time, the international political situation is complex and volatile. Although the relationship between China and the United States has eased, the game will continue; the confrontation between Russia and the European Union and NATO has intensified; and the situation in certain local areas is still volatile, which has raised higher requirements for risk prevention and mitigation of investment in overseas new energy projects. The Group will overcome the adverse impact, strengthen the deployment of key markets, adhere to the development main line of “developing wind and solar power simultaneously, multi-energy complementing each other”, adopt a diversified investment model and steadily promote the internationalization of its strategic deployment.

Operation Targets of the Group in 2022

In 2022, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, seriously implement the spirit of the 19th National Congress of the Communist Party of China, all plenary sessions of the 19th session of the Communist Party of China and the Central Economic Work Conference, resolutely implement the spirit of the series of important speeches and instructions given by General Secretary Xi Jinping during his inspection of Yulin Chemical, implement the great call of "socialism is the result of work", adhere to the general keynote of securing steady progress, fully, accurately and comprehensively implement the new development concept, serve to construct a new development pattern and promote high-quality development. We will highlight the work direction of "stability, synergy, empowerment and quality improvement", firmly establishing the strategic goal of being a leading global new energy enterprise, focusing on six aspects of work: party building and leadership, strategic development, safety foundation, reform and innovation, team building and construcing the Group according to law, and striving to write a new chapter in the construction of a world class new energy company.

In 2022, the Group will focus on the following five areas of work:

1. Strengthen safety and environmental management and control and continuously improve the intrinsic safety standard;

2. Fully grasp development opportunities and firmly promote high quality development;

3. Coordinate the production and operation to ensure the increase in quantity and quality of performance;

4. Adhere to deepening reform and innovation to cultivate and stimulate strong development momentum;

5. Strengthen the leading role of Party building and deeply push forward high level of integration and promotion.

SUBSEQUENT EVENTS

Save as disclosed in "Material Acquisitions and Disposals" in this results announcement, the Company has no other material subsequent events.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.1470 per share (tax inclusive) in cash for the year ended 31 December 2021 to shareholders whose names appear on the Company's register of members as at Tuesday, 5 July 2022. The abovementioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Wednesday, 22 June 2022, and is expected to be paid on Thursday, 18 August 2022. Details of the dividend payment will be announced after holding of the Annual General Meeting.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2021 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited (香港中央結算(代理人)有限公司), other nominees or trustees, or other organisations and groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H-share shareholders should take the initiative to submit statements to the Company to enjoy the agreed treatment, and keep relevant data for future reference. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

For the Hong Kong Stock Connect shareholders, in accordance with the relevant requirements of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the Hong Kong Stock Connect shareholders for Shanghai market and Shenzhen market, respectively, will receive cash dividends distributed by the Company and distribute the cash dividends to the relevant Hong Kong Stock Connect shareholders through its depository and clearing system.

The cash dividends for the investors of H shares of Hong Kong Stock Connect will be paid in Renminbi whilst that paid to holders of A shares and holders of H shares will be in Renminbi and in Hong Kong dollar respectively. Pursuant to the relevant provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Hong Kong Stock Connect will be the same as those for the holders of H shares of the Company.

The Company will determine the resident status of the individual H-share shareholders based on the registered address as recorded in the register of members of the Company on Tuesday, 5 July 2022 (the "**Registered Address**"). If the resident status of any individual H-share shareholder is not in consistency with that indicated by the Registered Address, such individual H-share shareholder shall notify the Company's H share registrar not later than 4:30 p.m. on Wednesday, 29 June 2022, and provide relevant supporting documents to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Any individual H-share shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share shareholders or any disputes over the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF H SHARE MEMBERS

In order to determine the holders of H shares who are eligible to attend and vote at the Annual General Meeting to be held on Wednesday, 22 June 2022, the register of H share members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022, both days inclusive. To be eligible to attend and vote at the said Annual General Meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 June 2022.

In order to determine the holders of H shares who are eligible to receive the foresaid final dividend, the register of H share members of the Company will be closed from Thursday, 30 June 2022 to Tuesday, 5 July 2022, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2021 (subject to the approval by shareholders of the Company), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 29 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices.

For the year ended 31 December 2021, save as disclosed below, the Company complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (which was revised and renamed as "**CG Code**" on 1 January 2022) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and, where appropriate, adopted the recommended best practices.

In respect of code provision E.1.2 of the Corporate Governance Code and Corporate Governance Report (current code provision F.2.2) as set out in Appendix 14 to the Listing Rules , Mr. Jia Yanbing[Note], the chairman of the Company, the chairman and the member of the audit committee and strategic committee of the Board of the Company, was unable to attend the 2020 annual general meeting of the Company held on 28 May 2021 due to work reasons.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its directors and supervisors in the securities of the Company. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during 2021. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect shareholders' interests.

Note: Mr. Jia Yanbing resigned as chairman and executive director of the Company on 29 June 2021.

AUDITORS

Ernst & Young (安永會計師事務所) and Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) were appointed as the Group's auditors for the financial statements prepared in accordance with the IFRSs and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2021. The financial statements of the Company for 2021 prepared in accordance with the IFRSs have been audited by Ernst & Young.

The Company has appointed Ernst & Young as its auditor since 20 June 2017. The term of service of Baker Tilly China Certified Public Accountants LLP(天職國際會計師事務所(特殊普通合夥)), the former PRC auditor of the Company, has expired at the conclusion of the 2020 annual general meeting of the Company. As approved at the first extraordinary general meeting of the Company in 2022 held on 14 January 2022, the Company has appointed Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) as the PRC auditor of the Company for 2021. For details, please refer to the announcements of the Company dated 27 December 2021 and 14 January 2022, and the circular dated 29 December 2021.

AUDIT COMMITTEE

The 2021 annual results of the Group and the financial statements for the year ended 31 December 2021 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of "**HKExnews**" of the Hong Kong Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.clypg.com.cn.

The Company's 2021 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and the Hong Kong Stock Exchange in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Li Zhongjun
Chairman of the Board

Beijing, the PRC, 30 March 2022

As at the date of this announcement, the executive directors of the Company are Mr. Li Zhongjun and Mr. Tang Jian; the non-executive directors are Mr. Tian Shaolin, Mr. Tang Chaoxiong and Mr. Wang Yiguo; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*