Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

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

Stock Code: 00579

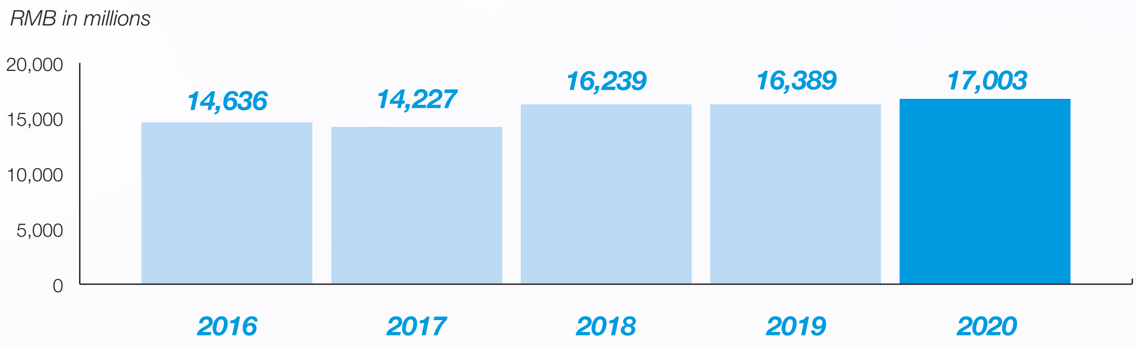
2020

ANNUAL REPORT

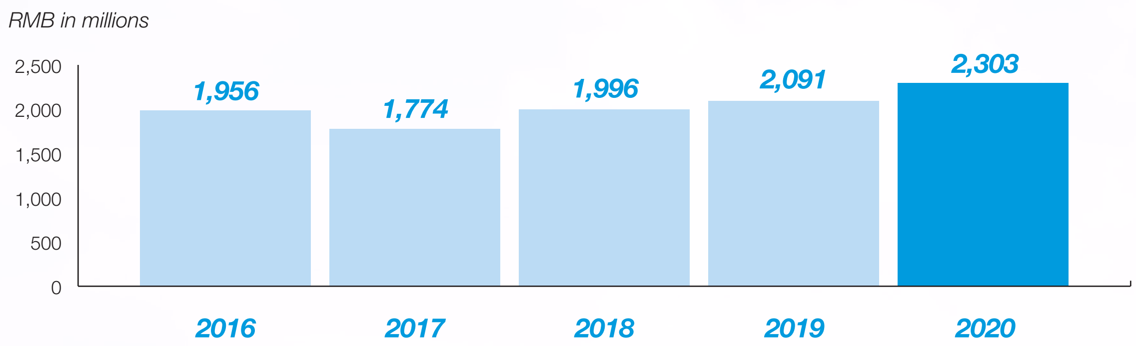
Contents

Financial Highlights

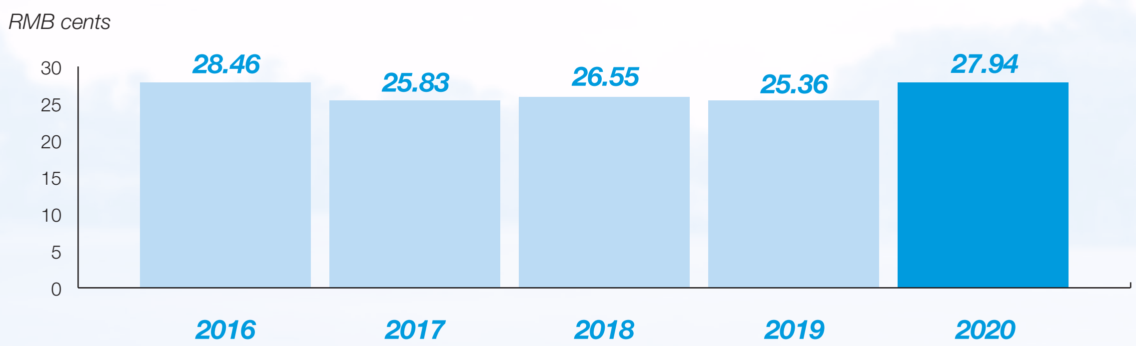
REVENUE



PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



EARNINGS PER SHARE



Financial Summary

	Year ended December 31				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**17,003,306**	16,388,643	16,238,805	14,227,365	14,635,836
Other income	**797,393**	1,051,030	1,029,099	1,353,370	1,445,079
Profit from operations	**3,917,090**	3,721,816	3,761,654	3,446,769	3,354,176
Profit before taxation	**2,953,026**	2,675,292	2,742,575	2,452,301	2,570,330
Income tax expense	**(557,041)**	(507,961)	(626,458)	(516,716)	(443,296)
Profit for the year	**2,395,985**	2,167,331	2,116,117	1,935,585	2,127,034
Total comprehensive income	**2,518,122**	2,184,760	1,904,582	2,160,586	1,976,498
Profit for the year attributable to:					
– Ordinary shareholders of the Company	**2,303,390**	2,090,770	1,995,943	1,774,473	1,955,569
– Holders of perpetual notes	**31,950**	–	35,768	77,250	77,250
– Non-controlling interests	**60,645**	76,561	84,406	83,862	94,215
	2,395,985	2,167,331	2,116,117	1,935,585	2,127,034
Total comprehensive income for the year attributable to:					
– Ordinary shareholders of the Company	**2,425,527**	2,108,199	1,784,408	1,937,527	1,837,015
– Holders of perpetual notes	**31,950**	–	35,768	77,250	77,250
– Non-controlling interests	**60,645**	76,561	84,406	145,809	62,233
	2,518,122	2,184,760	1,904,582	2,160,586	1,976,498
Earnings per share *(RMB cents)*					
Basic and diluted	**27.94**	25.36	26.55	25.83	28.46

Financial Summary

	Year ended December 31				
	2020	2019	2018	2017	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**70,538,308**	59,723,159	54,941,460	50,955,684	47,732,887
Non-current assets	**55,656,303**	49,542,293	42,809,938	42,160,577	40,926,643
Current assets	**14,882,005**	10,180,866	12,131,522	8,795,107	6,806,244
Total liabilities	**44,171,461**	36,647,850	33,429,860	32,050,583	30,337,575
Current liabilities	**25,244,624**	19,437,526	19,391,917	19,823,168	20,279,259
Non-current liabilities	**18,926,837**	17,210,324	14,037,943	12,227,415	10,058,316
Net assets	**26,366,847**	23,075,309	21,511,600	18,905,101	17,395,312
Capital and reserves					
Share capital	**8,244,508**	8,244,508	8,244,508	6,870,423	6,870,423
Reserves	**16,249,142**	14,428,160	12,869,870	9,938,168	8,509,052
Equity attributable to ordinary shareholders of the Company	**24,493,650**	22,672,668	21,114,378	16,808,591	15,379,475
Perpetual notes	**1,525,582**	–	–	1,527,982	1,527,982
Non-controlling interests	**347,615**	402,641	397,222	568,528	487,855
Total equity	**26,366,847**	23,075,309	21,511,600	18,905,101	17,395,312

Corporate Profile

The Company was established in August 2010, and is a subsidiary of BEH. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2011. The Company operates its business in a number of provinces, municipalities and autonomous regions, such as Beijing, Inner Mongolia, Ningxia, Sichuan, Hunan and Guangdong, and involves in gas-fired power and heat energy generation, wind power, photovoltaic power, small-to-medium-sized hydropower and other clean energy generation businesses, which help the Group claim the title of internationally well-known clean energy enterprise, industry-leading clean energy brand, the largest gas-fired heat and power supplier in Beijing and the leading wind power operator in China.

As of 31 December 2020, the total consolidated installed capacity of the Company reached 10,861 MW. Currently, the Company operates seven gas-fired cogeneration plants with a consolidated installed capacity of 4,702 MW in Beijing, accounting for over 50% of gas-fired power generation of Beijing and accounts for over 60% of centralized heating supply of Beijing. As a result, The Company is the leading gas-fired heat and power supplier in Beijing. The consolidated installed capacity of wind power generation reached 2,797 MW with the majority located in Inner Mongolia region, Shaan-Gan-Ning region and Beijing-Tianjin-Hebei region in China where wind resources are abundant. The Company's photovoltaic power generation installed capacity is 2,912 MW, which is distributed in northwest China, north China and south China regions with relatively abundant solar resource. The Company also operates other clean energy business like small-to-medium-sized hydropower which has a consolidated installed capacity of 450 MW mainly distributed in southwest China with abundant water resources. Furthermore, the Company continually explores overseas projects and actively develops wind power and photovoltaic projects in Australia.

The Company thoroughly implements the development principle of "Innovation, Coordination, Green, Opening-up and Sharing", aiming to become a world-class clean energy service provider in Beijing. By adhering to the deployment strategy of "rooted in Beijing, tapping into Tianjin-Hebei region, expanding to northwest China, north China and northeast China regions, and covering the whole country", the development requirements of "seizing opportunities and resources and improving quality and efficiency to become better and stronger", as well as the "two-wheel drive" of independent development and project merger and acquisition, the Company has always followed the principle of "seeking progress and rapid progress while maintaining steady development", and strived to achieve efficient development goal of "being superior, stronger, faster and better".

Chairman's Statement

2020 is the last year for the 13th Five Year Plan and an extraordinary year for the development of the Company. In the face of the unprecedented changes in the past century and the onslaught of the COVID-19, the Group maintained its strategic determination and adhered to the general policy of seeking progress while maintaining stability to promote the implementation of "five refined" management and reform and innovation and steadfastly pursue high-quality development, with all staff united to march forward. As of the end of 2020, the Company had a total consolidated installed capacity of 10,861 MW, representing a year-on-year growth of 12.9%, of which wind power and photovoltaic power generation accounted for 52.6% of the total installed capacity, and achieved total profit of RMB2.953 billion, representing a year-on-year growth of 10.39%, and profit attributable to equity holders of the Company of RMB2.303 billion with return on net assets of equity holders of the Company of 9.77%, demonstrating a stable performance and profitability.

The Group is committed to serve the national energy strategy. We promoted the green and low-carbon transformation and improved quality and efficiency to stabilize growth, so as to make solid progress in high-quality development. We focused on energy service security to provide strong support and flexible regulation for the energy network of the region, and as one of the energy suppliers for the 2022 Winter Olympic Games, we contributed to energy security and 100% clean energy supply for the Olympic Games. We also continuously deepened reform and innovation by implementing the three-year action plan for reform of state-owned enterprises, launching the "benchmarking world-class" management improvement action, promoting the construction of innovation system and activating the new momentum of development. We strived to reward the society by consolidating and expanding the achievements in poverty alleviation through investment in clean energy projects in poor areas, demonstrating our mission and responsibility as a state-owned enterprise.

In 2021, the 14th Five-Year Plan kicked off, and the blueprint for "peak carbon dioxide emission" and"carbon neutrality" has also been drawn. In accordance with the new development philosophy of "seize opportunities and resources and improve quality and efficiency to become better and stronger", the Group will locate its position and direction in the new development pattern, and will firmly promote to realize the goal of being an "outstanding clean energy operator" in the new stage of development. The Group will continue to create economic and social value, return to Shareholders and society with excellent performance, and make positive contributions to the national clean energy development strategy, global low-carbon economic development and the realization of climate goals.

General Manager's Statement

Facing the sudden outbreak of the epidemic of COVID-19 and difficult and complicated situations in 2020, the Company adhered to new development concepts and the overall planning of regular epidemic prevention as well as business development. The Group continued to deeply promote the implementation of "Five Refined" management and reform and innovation, consistently improving the core competitiveness and development quality to keep a favorable business development. The scale of the enterprise and the profitability reached a new level.

As at the end of 2020, the Company had total assets of RMB70.538 billion. It had an installed capacity of 10,861 MW under operation, with annual power generation and annual heat generation reaching 29.877 billion kWh and 27 million GJ respectively. The operating revenue for the year was RMB17.003 billion and the total profit was RMB2.953 billion. In 2020, the Company supplied green power of over 50 million kWh for the Winter Olympic venues. Currently, the Company has an installed capacity of 1,900 MW under construction. The projects approved, filed and acquired during the year have a total capacity of over 1,300 MW, and high-quality project backlog exceeded 5,000 MW, which laid a solid foundation for the Company's future development.

In a new year, the Company will take the historical opportunity of the rapid development of renewable energy and focus on arranging market layout of the "14th Five-Year Plan". Persisting in the implementation of the new development concept, the Company will accelerate the new development pattern of service constructing clean energy, explore emerging business market, promote the construction of smart energy system and further deepen reforms, so as to seek development with united efforts. The Company will continuously strengthen basic management and innovation as well as stimulating endogenous power with aims to comprehensively improve its development capabilities, competitiveness and management.

Mightiness only favors those who dare to undertake new adventures as thousands of sails compete for development. Success only favors those who stand bravely on the tide in a boat race. In 2021, all employees of the Company will keep the mission of promoting green development and providing reliable services in mind, unswervingly promote high-quality development with taking the opportunity of supporting to realize the goal of "Carbon Peak and Carbon Neutrality", so as to forge ahead our vision of becoming "An Excellent Clean Energy Operator" and strive to bringing continuous, stable and long-term returns for all Shareholders and investors of the Company.

On behalf of the management and all staff of the Company, I hereby extend my heartfelt gratitude to all Shareholders and investors for their long-term support and trust to the management team.

Management Discussion and Analysis

I. REVIEW OF THE ELECTRIC POWER INDUSTRY

In 2020, facing the great impact caused by the COVID-19 epidemic and the complicated domestic and overseas environment, the electric power consumption of China showed a noticeable pick-up from the first quarter to the fourth quarter, increased by -6.5%, 3.9%, 5.8% and 8.1% in each quarter respectively. The electricity consumption increased rapidly, which mainly attributable to the steady recovery of economic operation. In 2020, the national electricity consumption reached 7.51 trillion kWh, representing a year-on-year increase of 3.1%.

According to the statistics from China Electricity Council, as of the end of December 2020, the national electricity installed capacity in total was 2.20 billion kW, representing a year-on-year increase of 9.5%. Among which, the capacity of thermal power generation was 1.25 billion kW, accounting for 56.6% of the total installed capacity, representing a year-on-year increase of 4.7%; the capacity of on-grid wind power generation was 280 million kW, accounting for 12.8% of the total installed capacity, representing a year-on-year increase of 34.6%; the capacity of on-grid solar power generation was 250 million kW, accounting for 11.5% of the total installed capacity, representing a year-on-year increase of 24.1%; the capacity of hydropower generation was 370 million kW, accounting for 16.8% of the total installed capacity, representing a year-on-year increase of 3.4%. The national power generation from non-fossil fuel installed capacity totaled 980 million kW, accounting for 44.8% of the total installed capacity, increased by 2.8 percentage point over the end of previous year.

In 2020, the national power generation in total went up by 4.0% as compared with the previous year. Among which, the capacity of thermal power generation was 5.17 trillion kWh, representing a year-on-year increase of 2.5%; the capacity of wind power generation was 466.5 billion kWh, representing a year-on-year increase of 15.1%; the capacity of solar power generation was 261.1 billion kWh, representing a year-on-year increase of 16.6%; and the capacity of hydropower generation was 1.36 trillion kWh, representing a year-on-year increase of 4.1%. The national non-fossil fuel generation totaled 2.58 trillion kWh, representing a year-on-year increase of 7.9%.

In 2020, the utilization hour of thermal power generation was 4,216 hours, representing a year-on-year decrease of 92 hours; the utilization hour of on-grid wind power generation was 2,073 hours, representing a year-on-year decrease of 10 hours; the utilization hour of on-grid solar power generation was 1,281 hours, representing a year-on-year decrease of 10 hours; the utilization hour of hydropower generation equipments was 3,827 hours, representing a year-on-year increase of 130 hours.

During the period for the 13th Five-Year Plan, the power consumption of the entire society increased by 5.7% on average annually and the installed power generation capacity in total increased by 7.6% on average annually.

II. BUSINESS REVIEW FOR THE YEAR OF 2020

Amid the epidemic of COVID-19 since the early 2020, the economy of PRC improved after suffering. Facing the difficult and complicated situations, the Group adhered to the guidance of “Consistent Goal, Great Perseverance and Strong Faith”, followed the major business line of “Deepening Reformation, Enhancing Innovation and Improving Efficiently, Strengthening Management and Culture Fusion”, consistently improving the core competitiveness and development quality, overcoming difficulties and moving forward with determination to keep a favorable business development. The scale of the enterprise and the profitability reached a new level.

1. Rapid growth of installed capacity, steady rise in power generation

The Group achieved outstanding growth in installed capacity and power generation in 2020 by insisting on the overall goal of “being superior, stronger, faster and better” and the general principle of seeking progress while maintaining stability. As at 31 December 2020, the consolidated installed capacity of the Group was 10,861 MW, representing a year-on-year increase of 12.9%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 43% of the total installed capacity; the installed capacity of the wind power generation segment was 2,797 MW, accounting for 26% of the total installed capacity, with an increase in installed capacity of 399 MW; the installed capacity of the photovoltaic power generation segment was 2,912 MW, accounting for 27% of the total installed capacity, with an increase in installed capacity of 840 MW; the installed capacity of the hydropower segment was 450 MW, accounting for 4% of the total installed capacity. As of the end of 2020, the total installed capacity of in-progress projects was 1,543 MW, among which the installed capacity in-progress of the wind power generation segment was 1,325 MW; the installed capacity in-progress of the photovoltaic power generation segment was 218 MW.

As at 31 December 2020, the consolidated power generation of the Group was 29.877 billion kWh, representing a year-on-year increase of 3.7%, of which, the power generation of the gas-fired power and heat energy generation segment was 18.848 billion kWh, representing a year-on-year decrease of 3.8% with the average utilization hours of facilities reaching 4,008 hours; the power generation of the wind power generation segment was 5.604 billion kWh, representing a year-on-year increase of 13.1% with the average utilization hours of facilities reaching 2,233 hours, which was 136 hours more than the national average; the power generation of the photovoltaic power generation segment was 3.429 billion kWh, representing a year-on-year increase of 41.3% with the average utilization hours of facilities reaching 1,392 hours, which was 232 hours more than the national average; and the power generation of the hydropower segment was 1.996 billion kWh, representing a year-on-year increase of 8.5% with the average utilization hours of facilities reaching 4,435 hours.

2. Vigorously promoting early-stage development and focusing on breakthroughs in key projects

In 2020, the Group continued to adhere to the "two-wheel drive" of independent development and project merger and acquisition, and head on the development path of "intensification, regionalization, scale-up, specialization and high efficiency" to fully leverage on the geographical advantages of regional companies, and focus on breakthroughs in key projects. During the year, the Group obtained self-developed projects with a total capacity of 974 MW and carried out projects under preliminary work for over 5 GW. The Group actively conducted cooperation and mergers and acquisitions of photovoltaic and wind power asset packages for over 2 GW with companies such as Jiaze (嘉澤). There were projects of 360 MW with acquisition completed, projects of 150 MW with decision on merger and acquisition made and projects of 1,312 MW with letters of intent executed and due diligence work conducted throughout the year. The Group closely monitored the pre-construction status of key energy base projects with tens of millions of kilowatts in Datong, Ulanchabu, Xilin Gol, etc. The Group steadily promoted the pre-site selection of the Huailai pumped storage power project and actively carried out the preliminary work of the generation, grid, load and energy storage projects in regions such as Ulanchabu.

3. Optimising capital structure and reducing financial costs

The Group continuously expanded financing channels and fully took the opportunity of lower interest rates during the epidemic to increase debt financing by issuing RMB10.5 billion ultra-short-term financing debentures, RMB1 billion 5-year medium-term notes, RMB1.5 billion green medium-term notes with the term of 3+N years and RMB1 billion corporate bonds throughout the year. The average interest rate of interest-bearing financing for the year dropped by 0.65% year-on-year.

4. Insist on innovation-driven development to improve quality and efficiency

In 2020, under the requirements of "1+1+N" Technology Innovation System and adhering to the concept of "solving problems and creating value", the Group focused on main business and integrated innovation with investment to serve production and operation through the application of new technologies, products and materials. In 2020, the Group launched 26 science and technology projects, received 2 science and technology awards from social forces, obtained 15 patent licensing, including 4 invention patents and 11 utility model patents, obtained 4 software copyrights, and edited or participated in the editing of 1 national standard and 5 association standards. The Group promoted in-depth cooperation among enterprises, universities and research institutes in scientific and technological innovation, and co-organized the "Smart Plant" forum with North China Electric Power University. It also organized the application of innovation management awards, with 12 projects shortlisted for Beijing municipal awards and one project shortlisted for national awards.

5. Keep pace with the times and prepares for the 14th Five-Year Plan

As the 13th Five-Year Plan draws to a close in 2020 with new situations such as changing international situations, China's economic structure transformation and epidemic normalization, the Group prioritized the 14th Five-Year Plan while summarizing the 13th Five-Year Plan. Since last September, President Xi Jinping has solemnly announced and emphasized the new vision for carbon dioxide emission peak and carbon neutrality at many international conferences including the General Assembly of the United Nations. Green and low carbon will become the general keynote of the 14th Five-Year Plan and renewable energy, mainly including wind power and photovoltaic, will become the main force for China's incremental energy consumption. "Seize opportunities and resources and improve quality and efficiency to become better and stronger" will become the requirement for the Group's development in the 14th Five-Year Plan period.

III. OPERATING RESULTS AND ANALYSIS

1. Overview

In 2020, the Company achieved profit for the year amounted to RMB2,396.0 million, representing an increase of 10.55% as compared with RMB2,167.3 million for 2019. Profit attributable to the equity holders of the Company amounted to RMB2,303.4 million, representing an increase of 10.17% as compared with RMB2,090.8 million for 2019.

2. Operating Income

Total revenue increased by 3.75% from RMB16,388.6 million for 2019 to RMB17,003.3 million for 2020. Adjusted total operating income increased by 1.98% from RMB17,090.6 million in 2019 to RMB17,429.7 million in 2020, due to the increase in revenue from sales of electricity as a result of decrease in Value-added tax rate and increased installed capacity in the wind power generation and photovoltaic power generation segments.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment decreased by 2.20% from RMB12,420.0 million for 2019 to RMB12,146.2 million for 2020. Revenue from sales of electricity decreased by 4.09% from RMB10,617.4 million for 2019 to RMB10,182.9 million for 2020, due to the decrease in sales volume of electricity in this segment. Revenue from sales of heat energy increased by 8.91% from RMB1,802.6 million for 2019 to RMB1,963.3 million for 2020, due to the increase in sales volume of heat as a result of the extension of heating supply period of this segment.

Wind Power Segment

The revenue from wind power segment increased by 15.94% from RMB1,996.0 million for 2019 to RMB2,314.2 million for 2020, due to the increase in sales volume of electricity as a result of the increase in the average wind speed and an increase in the installed capacity in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 33.70% from RMB1,604.6 million for 2019 to RMB2,145.3 million for 2020, due to an increase in sales volume of electricity as a result of increased installed capacity in this segment.

Hydropower Segment

The revenue from hydropower segment increased by 7.89% from RMB366.4 million in 2019 to RMB395.3 million in 2020, due to an increase in sales volume of electricity in this segment.

Others

Other revenue increased by 43.75% from RMB1.6 million in 2019 to RMB2.3 million in 2020, due to an increase in revenue from external maintenance.

3. Other Income

Other income decreased by 24.13% from RMB1,051.0 million in 2019 to RMB797.4 million in 2020, due to a decrease in sales volume of electricity of the gas-fired power and heat energy generation segment, and the downward adjustment of the power price in relation to a decrease in price of gas due to the COVID-19 epidemic during the season of heat energy generation, resulting in the decrease in government grants and subsidies on clean energy production.

4. Operating Expenses

Operating expenses increased by 1.21% from RMB13,717.9 million in 2019 to RMB13,883.6 million in 2020, due to the increase in operating expenses as a result of the increase in the installed capacity in production in the wind power segment and the photovoltaic power segment.

(1) Gas Consumption

Gas consumption decreased by 3.70% from RMB9,142.8 million in 2019 to RMB8,804.3 million in 2020, due to the decrease in gas consumption as a result of the downward adjustment of the gas price during the heat supply season due to the COVID-19 epidemic and the decrease in power generation of the gas-fired power and heat energy generation segment.

(2) *Depreciation and Amortization*

Depreciation and amortization increased by 14.60% from RMB2,453.2 million in 2019 to RMB2,811.3 million in 2020, due to an increase in installed capacity in the wind power and the photovoltaic power segment.

(3) *Personnel Cost*

Personnel cost increased by 2.08% from RMB852.2 million in 2019 to RMB869.9 million in 2020, due to the increase in the number of employees as a result of the business development of the Group and additional personnel costs expensed following the commencement of production of new projects.

(4) *Repairs and Maintenance*

Repairs and maintenance expenses decreased by 4.74% from RMB624.3 million for 2019 to RMB594.7 million for 2020, due to the decrease in maintenance expenses in the gas-fired power and heat energy generation segment.

(5) *Other Expenses*

Other expenses principally comprise 1 external purchase of power, water and materials etc; 2 property management, greening and fire protection fees; 3 rental expenses; 4 underwriting fees, bank commissions; 5 intermediary service fees; 6 property insurance premium; 7 other miscellaneous operating expenses.

Other expenses increased by 7.54% from RMB733.5 million for 2019 to RMB788.8 million for 2020, due to an increase in operating expenses as a result of the commencement of production of new projects of the Group.

(6) *Other Gains and Losses*

Other gains and losses decreased from a gain of RMB98.9 million for 2019 to a loss of RMB13.2 million for 2020, due to the impairment losses of individual fixed assets and an increase in the loss from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

5. Operating Profit

As a result of the above, the Company's operating profit increased by 5.25% from RMB3,721.8 million for 2019 to RMB3,917.1 million for 2020.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit increased by 5.62% from RMB3,372.8 million for 2019 to RMB3,562.3 million for 2020.

Gas-fired Power and Heat Energy Generation Segment

The adjusted segment operating profit of our gas-fired power and heat energy generation segment decreased by 9.01% from RMB1,805.1 million for 2019 to RMB1,642.4 million for 2020, due to a decrease in sales volume of electricity in this segment.

Wind Power Segment

The adjusted segment operating profit of our wind power segment increased by 41.55% from RMB694.6 million for 2019 to RMB983.2 million for 2020, due to the increase in sales volume of electricity as a result of the increase in the average wind speed and an increase in the installed capacity in this segment.

Photovoltaic Power Segment

The adjusted operating profit from photovoltaic power segment increased by 23.87% from RMB898.5 million for 2019 to RMB1,113.0 million for 2020, due to an increase in sales volume of electricity as a result of the increase of the installed capacity in this segment.

Hydropower Segment

The adjusted operating profit from hydropower segment decreased by 47.76% from RMB109.3 million for 2019 to RMB57.1 million for 2020, due to the impairment losses of individual fixed assets in this segment.

Others

Other adjusted operating profit decreased from loss of RMB134.7 million for 2019 to loss of RMB233.4 million for 2020, due to an increase in the loss from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Finance costs decreased by 5.64% from RMB1,219.6 million for 2019 to RMB1,150.8 million for 2020, due to a decrease of average financial cost, the average interest rate decreased by 0.65% from 4.52% for 2019 to 3.87% for 2020.

8. Share of Results of Associates and Joint Ventures

The share of results of associates and joint ventures increased by 22.13% from RMB119.3 million for 2019 to RMB145.7 million for 2020, due to investment income newly generated in BEH Finance.

9. Profit before taxation

As a result of the above, profit before taxation increased by 10.38% from RMB2,675.3 million for 2019 to RMB2,953.0 million for 2020.

10. Income Tax Expense

Income tax expense increased by 9.65% from RMB508.0 million for 2019 to RMB557.0 million for 2020. The effective tax rate decreased from 18.99% for 2019 to 18.86% for 2020.

11. Profit for the Year

As a result of the above, profit for the year increased by 10.55% from RMB2,167.3 million for 2019 to RMB2,396.0 million for 2020.

12. Profit for the Year Attributable to Equity holders of the Company

Profit for the year attributable to equity holders of the Company increased by 10.17% from RMB2,090.8 million for 2019 to RMB2,303.4 million for 2020.

IV. FINANCIAL POSITION

1. Overview

As of 31 December 2020, total assets of the Group amounted to RMB70,538.3 million, total liabilities amounted to RMB44,171.5 million and total equity amounted to RMB26,366.8 million, among which equity attributable to the equity holders of the Company amounted to RMB24,493.7 million.

2. Particulars of Assets and Liabilities

Total assets increased by 18.11% from RMB59,723.2 million as at 31 December 2019 to RMB70,538.3 million as at 31 December 2020, due to the increase in investment in new projects and merger and acquisition projects as well as the increase in renewable energy subsidy receivables. Total liabilities increased by 20.53% from RMB36,647.9 million as at 31 December 2019 to RMB44,171.5 million as at 31 December 2020, due to increased debt as a result of capital demand for construction of projects. Total equity increased by 14.26% from RMB23,075.3 million as at 31 December 2019 to RMB26,366.8 million as at 31 December 2020. Equity attributable to equity holders of the Company increased by 8.03% from RMB22,672.7 million as at 31 December 2019 to RMB24,493.7 million as at 31 December 2020, due to the increase in the operating accretion from businesses for 2020.

3. Liquidity

As of 31 December 2020, current assets amounted to RMB14,882.0 million, including monetary capital of RMB4,297.5 million; bills and trade receivables of RMB9,159.3 million (mainly comprising receivables from sales of electricity and heat energy); and prepayments and other current assets of RMB1,425.2 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB25,244.6 million, including short-term borrowings of RMB12,318.3 million, short-term financing debentures of RMB7,060.7 million, medium-term notes of RMB96.7 million, corporate bonds of RMB26.1 million and bills and trade payables of RMB5,059.0 million (mainly comprising payables for gas, payables for engineering projects and purchase of equipment); other current liabilities amounted to RMB683.8 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities increased by 11.95% from RMB9,256.7 million as at 31 December 2019 to RMB10,362.6 million as at 31 December 2020. Current ratio increased by 6.57% from 52.38% as at 31 December 2019 to 58.95% as at 31 December 2020, due to the use of monetary capital.

4. Net Gearing Ratio

Net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, increased by 2.44% from 52.84% as at 31 December 2019 to 55.28% as at 31 December 2020 due to the increase in debts.

The Group's long-term and short-term borrowings increased by 23.30% from RMB29,915.1 million as at 31 December 2019 to RMB36,886.0 million as at 31 December 2020, comprising short-term borrowings of RMB12,318.3 million, long-term borrowings of RMB10,896.3 million, medium-term notes of RMB4,585.3 million, short-term financing debentures of RMB7,060.7 million and corporate bonds of RMB2,025.4 million.

Bank deposits and cash held by the Group increased by 5.95% from RMB4,056.1 million as at 31 December 2019 to RMB4,297.5 million as at 31 December 2020.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 8 January 2020, the Group completed the issuance of the first tranche RMB2,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 2.95%;

On 13 April 2020, the Group completed the issuance of the second tranche RMB2,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 1.96%;

On 12 June 2020, the Group completed the issuance of the third tranche RMB1,500.0 million 179-day ultra-short-term financing debentures of 2020 at an interest rate of 1.90%;

On 31 July 2020, the Group completed the issuance of the fourth tranche of RMB2,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 2.60%;

On 25 September 2020, the Group completed the issuance of the fifth tranche of RMB2,000.0 million 180-day ultra-short-term financing debentures of 2020 at an interest rate of 1.80%;

On 7 December 2020, the Group completed the issuance of the sixth tranche of RMB1,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 2.75%;

On 9 April 2020, the Group completed the issuance of the first tranche RMB1,000.0 million medium-term notes of 2020, with a period of 5 years, at an interest rate of 3.25%;

On 16 April 2020, the Group completed the issuance of the first tranche corporate bonds of 2020: for variety 1, RMB400.0 million, with a period of 3 years, at an interest rate of 2.65%; for variety 2, RMB600.0 million, with a period of 5 years, at an interest rate of 3.22%;

On 15 May 2020, the Group completed the issuance of the first tranche RMB1,500.0 million green medium-term notes of 2020, with a period of 3+N years, at an interest rate of 3.44%.

2. Capital Expenditure

In 2020, the Group's capital expenditure amounted to RMB7,054.3 million, including RMB345.2 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB3,696.4 million incurred for construction projects in the wind power segment, RMB2,972.7 million incurred for construction projects in the photovoltaic power segment, RMB34.9 million incurred for construction projects in the hydropower segment, and RMB5.1 million incurred for construction projects in other segment.

3. Establishment and Acquisition of Subsidiaries

According to the development plan of the Group, the Group acquired 4 wholly-owned subsidiaries, namely "Ningxia Tongxin Dadi Risheng New Energy Co., Ltd. (寧夏同心大地日盛新能源有限公司)", "Ningxia Shanyang New Energy Co., Ltd. (寧夏杉陽新能源有限公司)", "Zhanjiang Dingrui Solar Power Generation Co., Ltd. (湛江市鼎瑞太陽能發電有限公司)" and "Yixian Jiayu Photovoltaic Power Co., Ltd. (義縣珈煜光伏電力有限公司)" in 2020, which are engaged in the construction and operation of photovoltaic power generation projects.

The Group established and invested in 3 wholly-owned subsidiaries, namely "Kangbao Xinjing Clean Energy Co., Ltd. (康保新京清潔能源有限公司)", "Shangyi Jingneng New Energy Co., Ltd. (尚義京能新能源有限公司)" and "Zhangbei Jingneng Clean Energy Co., Ltd. (張北京能清潔能源有限公司)" in 2020 which are engaged in the construction and operation of wind power generation projects.

4. Contingent Liabilities

As of 31 December 2020, the Group had no contingent liabilities.

5. Mortgage of Assets

As of 31 December 2020, the Group's bank borrowings were secured by trade receivables of RMB135.9 million; fixed assets of RMB2,353.1 million; and the entire equity in New Gullen Range Wind Farm Pty Ltd. and Gullen Solar Pty Ltd., which was pledged to National Australia Bank.

6. H Share Offer

BEH issued a notice to the board of directors of the Company on 2 July 2020, indicating its intention to make a conditional voluntary cash general offer for all the H Shares in the Company (the "Possible Offer"). On 6 July 2020, the Company issued an announcement pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers and publicly disclosed the details of the Possible Offer. On 17 November 2020, BEH and the Company issued a joint announcement that China Securities (International) Corporate Finance Company Limited, on behalf of BEH, would make a conditional voluntary cash general offer for all H Shares of the Company (the "H Share Offer"). On 31 December 2020, BEH and the Company jointly issued the composite document and sent to shareholders of the Company. Meanwhile, they published the notices of the 2021 first extraordinary general meeting and the 2021 first H share class meeting. On 19 February 2021,the Company held the 2021 first extraordinary general meeting and the 2021 first H share class meeting, at which a resolution in relation to the delisting of H Shares of the Company was passed. As at 4:00 p.m. on Monday, 1 March 2021, being the first closing date of the H Share Offer, BEH had received valid acceptances under the H Share Offer in respect of the numbers of H Shares held by the independent H shareholders, representing approximately 80.22% of the total issued H Shares held by the independent H shareholders, which failed to satisfy the condition that minimum valid acceptances amounting to at least 90% of the H Shares held by the independent H shareholders, thus BEH and the Company issued a joint announcement, which announced that the H Share Offer lapsed since the acceptance condition of the H Share Offer has not been satisfied.

VI. RISK FACTORS AND RISK MANAGEMENT

Macro-environmental Risk

Amid sluggish global economic growth, intensified international economic and trade frictions, and more pressure on downward domestic economy, together with the adverse impact of the COVID-19, the Group's business development suffered significant impact. A tendency of clean, low-carbon, electrified, and digital development has emerged in the supply and demand structure of energy. Whether the Group can grasp the structural reforms on the power supply side, fully mobilise demand-side to response resources, and promote the development trend of green transformation and upgrading of the power industry are also related to the future development of the Group.

Changes in the macro environment present challenges but more opportunities for the development of the Group. In order to accommodate the changes in the macro environment by closely monitoring fluctuations in economic situation and development situation of new energy, the Group turns crises into opportunities by vigorously developing new energy business, making efforts in power marketing, exploring the development of hydrogen energy business and offshore wind power business.

Policy and Regulatory Risks

The Group primarily invests in and operates clean energy generation projects, which are encouraged by the country. The implement of the renewable energy quota policy brings out the benefits of the policy for further mitigating the power consumption problem of renewable energy; With the drop in power price of new energy resulting from the promotion of market-oriented reform of electric power, policy subsidies continued to decrease or were cancelled, and the volume of electric power traded kept increasing, the operation and development of new energy industry faced serious challenges.

The Group follows up major policy changes, properly keeps abreast of information changes, put more effort into research related to policy and technology, actively collects and studies policy information related to clean energy, pays close attention to the development and application of related new technologies, and actively carries out work in terms of technology reserves to prevent and resolve policy risk.

VII. BUSINESS OUTLOOK FOR 2021

The year of 2021 is not only the beginning year of the 14th Five-Year Plan, but also an important period of strategic opportunities for the development of the Company. The Group takes the 14th Five-Year Plan as the guide to determine its directions, clarify its objectives, consolidate its plans, implement its responsibilities and innovate its mechanism, so as to realise the planning process evaluation and establish a closed-loop working system, thereby ensuring that the Plan will be converted into development driving force and development results. Under the backdrop of regular epidemic prevention and control, we strive to achieve the overall development goal of "being superior, stronger, faster and better".

Management Discussion and Analysis

1. Evaluating the policies and capitalising the development opportunities

On 12 December 2020, President Xi Jinping made it clear at the Climate Ambition Summit that by 2030, non-fossil energy will account for approximately 25% of China's primary energy consumption, and the total installed capacity of wind power and solar power will reach more than 1.2 billion kilowatts.

In 2021, the Group will continue to give play to the principal business of renewable energy. While capitalising on the geographical advantages of regional branches to comprehensively expedite the development of all regions across the country, the Group will also focus on the layout of large-scale and synergetic projects with large bases and large channels. We will set up a special institution to take the lead in conducting research on policies and routes of "carbon neutrality" and "peak carbon dioxide emission", and strive to maintain and increase the value of carbon assets, for the purpose of providing service support for responding to new situations and requirements. We will seize the opportunity and give full play to the clean and low-carbon function of gas power plants and assist the green electricity of renewable energy delivering to Beijing. In addition, we will focus on the development and implementation of renewable energy projects serving the capital and the Beijing-Tianjin-Hebei Region and assist Beijing, the capital of China, in achieving "carbon neutrality" firstly in the country and fulfilling its role as a state-owned enterprise.

2. Accelerating pre-development and optimizing project layout

The Group will closely follow the preparation progress of the 14th Five-Year Plan of various regions, strengthen the work of strategic base projects, and focus on promoting renewable energy base projects in Datong, Ulanqab, Hunshandake Sandy Land, as well as UHV transmission project in Chagan Nur and pumped storage project in Huailai. The Group will promote the layout of Beijing-Tianjin-Hebei energy projects and participate in the construction of projects in key areas such as Beijing Sub-center, Xiong'an New District, Winter Olympics venues, and the "three cities and one district". The Group will actively carry out strategic generation, grid, load and energy storage projects in traditionally advantageous regions. The Group will continue to strengthen the cooperative development of high-quality wind power, photovoltaic projects and asset package mergers and acquisitions and offshore wind power projects. The Group will actively seek development opportunities for waste-to-energy and gas-fired power generation projects in economically developed regions. The Group will explore investment in solar thermal, geothermal, and energy storage applications, and promote the strategic emerging projects of "three-energy, two-heat and one-network".

3. Focusing on safe production and ensuring safe development

Safety is the prerequisite for development, and development is the guarantee of safety. The Group always adheres to the overall planning of development and safety, resolutely prevents and resolves major risks, comprehensively strengthens the safety system and capacity building, and firmly maintains the bottom line of safe development. The Group consolidates the safety production responsibility system, comprehensively promotes the modernization of the safety management system and management capabilities, comprehensively promotes the safety culture construction of "Six Safety Project", and fully implements the "Five Refined" management in the field of safety production. The Group will focus on shortcomings and weaknesses, strictly implement the special management and rectification of safety production, strengthen assessment and accountability, and give full play to the role of inspections and special supervision, so as to create a good and safe environment for high-quality development.

4. Accelerating scientific and technological innovation to promote high-quality development

Relying on the new generation of information technologies such as big data, Internet of Things, cloud computing and artificial intelligence, we will conduct research on drone inspection, automatic warning, intelligent monitoring and other technologies around the "smart Jingneng" and "robot application" technology action plans. In view of the pain points and difficulties in the work, we will pay attention to "strong demand" and "cutting-edge" technologies to establish a whole chain system from scientific research, infrastructure to production and operation, strengthen efforts in building of scientific and technological talents team through science and technology projects, and extensively carry out industry-university-research collaborative innovation to create an innovation culture of all-staff innovation, full-process innovation and full-chain innovation.

We will promote the completion of the construction of gas-fired smart power plants and the construction of new energy smart supervision center with high quality, realizing the unified management of more than 70 new energy plants and stations. We will also completely transform the operation mode, realizing the centralized deployment and decentralized use of the business platform to maximize the value of data and reduce labor costs, and create an industry benchmark of "unmanned duty, few people on duty, centralized monitoring, smart operation and maintenance".

Human Resources

The Company upholds the management philosophy of "people-oriented and pursuit of excellence", strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees' benefits. The overall human resources condition of the Company in 2020 is summarized as follows:

I. SUMMARY OF HUMAN RESOURCES

The Company had a total of 2,817 employees as at 31 December 2020. The age of staff tended to be young, with the proportion of employees under the age of 35 accounting for over 45%; employees are generally highly educated, with the proportion of holders of Bachelor degree and above degrees accounting for nearly 60% of the total staff. Please refer to the following tables for details of the age and degree structure of employees:

1. Age Structure:

Age distribution	Number of employees	Percentage	Cumulative percentage
Under 35	1,335	47.39%	47.39%
36 to 45	626	22.22%	69.61%
46 to 55	742	26.34%	95.95%
Over 56	114	4.05%	100.00%
Total	2,817	100.00%	–

2. Degree Structure

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	1	0.04%	0.04%
Master's degree	172	6.11%	6.15%
Bachelor's degree	1,526	54.16%	60.31%
College or below	1,118	39.69%	100.00%
Total	2,817	100.00%	–

II. EMPLOYEES' INCENTIVES

With an aim to cope with its development, the Company, on the basis of position-oriented targets accountability system, has further established a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly defining position-oriented performance targets, the Company is able to assess and appraise employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration based on appraisal results, the Company is able to fully boost the potential and the morale of employees, thus achieving the coexistence of incentives and restraints.

On 28 May 2020, the Company developed the H share appreciation rights scheme with an aim to improve the Company's corporate governance structure and to provide a more competitive remuneration in the market. The total number of H shares relating to the share appreciation rights is 82,445,000 H shares. For details of the H share appreciation rights scheme, please refer to the announcement of the Company dated 31 March 2021 and the circular of the Company dated 9 April 2021.

III. EMPLOYEES' REMUNERATION

The employees' remuneration comprises basic salary and performance-based salary. The total salary is determined by reference to the performance appraisal of all employees of the Group. Individual performance is associated with personal annual appraisal results.

IV. EMPLOYEES' TRAINING

Talents are the source for the Company's development. The Company utilized training agenda as an important tool of upgrading the level of corporate management and of enhancing the overall quality of employees. In terms of the design of training courses, the Company emphasized the probe into training needs, in a view to actively motivating all employees' initiatives, and arranged various vocational training for employees that are geared to the characteristics of requirements of each profession and position. The Company formed a set of complete system to strictly check and examine the training results in respect of training management. The Company offered a variety of training forms, and also encouraged employees to actively participate in external training to provide more opportunities for employees to communicate with and study from the outside and broaden their horizons, thus cultivating more talents for the Company.

Based on corporate characteristics and actual situations, the Company rolled out the management training program in 2020, which was designed to enhance professional efficiency and cultural literacy. The training program comprises post-specific professional training, new employee training and frontline technical skill training that focused on actual needs of the production business and professional skills characteristics. The content-rich and diversified courses were attended by 96% of the staff.

V. EMPLOYEES' BENEFITS

The Company has made contributions to the social insurance and housing fund for its employees in strict compliance with the Labor Law, Labor Contract Law and Social Insurance Law. Meanwhile, the Group has also prepared related systems such as the Management Standards for Social Insurance and Housing Fund, Management Standards for Supplementary Healthcare, Management Standards for Occupational Health, Management Standards for Labor Welfare and Management Standards for Labor Protective Equipment to increase the benefits of the Company and enhance employees' sense of belonging and happiness.

Profiles of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. ZHANG Fengyang (張鳳陽), aged 51, is the Chairman of the Board and an executive Director of the Company. Mr. Zhang served as an engineer and the deputy head of the design office of Beijing Survey and Design Research Institute (北京勘測設計研究院) from July 1994 to September 2000. He served as the deputy head of the operation and development department, deputy chief design engineer and the party branch secretary of Beijing National Water Conservancy & Electric Power Engineering Co., Ltd. from September 2000 to October 2003; the project manager of the electricity investment and construction department of Beijing International Power Development and Investment Corporation (北京國際電力開發投資公司) from October 2003 to July 2004; the deputy general manager and party branch secretary of Beijing International Power New Energy Co., Ltd. (北京國際電力新能源有限公司) from July 2004 to April 2007; the general manager, party branch secretary and executive director of Beijing International Power New Energy Co., Ltd. from April 2007 to July 2009; the secretary of CPC Committee, general manager and executive director of Beijing Jingneng New Energy Co., Ltd. from July 2009 to November 2013; general manager of Beijing Jingneng New Energy Co., Ltd. from November 2013 to June 2018, the secretary of CPC Committee, executive Director and general manager of the Company from February 2018 to November 2020 and director of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) since November 2018; the secretary of CPC Committee, chairman of the board of the Company since November 2020. Mr. Zhang graduated from the department of water conservancy engineering of Chengdu University of Science and Technology majoring in water conservancy and hydropower engineering construction and obtained a bachelor's degree in hydraulic and hydropower engineering. Mr. Zhang is a qualified senior engineer.

Mr. CHEN Dayu (陳大宇), aged 50, is an executive Director and the general manager of the Company. Mr. Chen served as a specialist engineer in the power production and operation department and power energy business department of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to April 2007; deputy general manager of Inner Mongolia Shangdu Power Generation Co., Ltd. (內蒙古上都發電有限責任公司) from April 2007 to May 2009; deputy general manager of Ningxia Jingneng Ningdong Electric Power Co., Ltd. (寧夏京能寧東發電有限責任公司) from May 2009 to September 2010; general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. (北京京能高安屯燃氣熱電有限責任公司) from September 2010 to November 2017; secretary of CPC Committee, executive director and general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from November 2017 to January 2018; secretary of CPC Committee and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from January 2018 to December 2018; secretary of CPC General Branch and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from December 2018 to February 2020; minister of enterprise management division of Beijing Energy Holding Co., Ltd (北京能源集團有限責任公司), secretary of CPC General Branch and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from February 2020 to May 2020; and minister of enterprise management division of Beijing Energy Holding Co., Ltd from May 2020 to November 2020; general manager of the Company from November 2020 to February 2021; an executive Director and the general manager of the Company since February 2021. Mr. Chen graduated from Department of Power Engineering of North China Electric Power University (華北電力學院) in 1992, majoring in production process automation and obtained a bachelor's degree in engineering, and graduated from Department of Electrical Engineering and Applied Electronic Technology of Tsinghua University (清華大學) in January 2014, majoring in electronic engineering and obtained a master's degree in engineering.

Mr. GAO Yuming (高玉明), aged 56, is an executive director and the deputy general manager of the Company. Mr. Gao served as the director of the environmental protection office of the production technology section of Beijing Shijingshan General Power Plant (北京石景山發電總廠) from August 1996 to May 2000; the director of environmental protection office, deputy director of desulfurization engineering department and the manager of the engineering project department of Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司) from May 2000 to December 2005; the executive deputy director of the preparation and construction office of the project in Horqin Right Middle Banner of Inner Mongolia (內蒙古科右中) from December 2005 to May 2007; the deputy general manager of Inner Mongolia Jingneng Fuxiang Power Generation Co. Ltd. (內蒙古京能富祥發電有限公司) from May 2007 to June 2008; the deputy general manager of Inner Mongolia Jingke Power Generation Co. Ltd. (內蒙古京科發電有限公司) from June 2008 to September 2011; the deputy general manager of Inner Mongolia Jingke Power Generation Co. Ltd. and the director of Haidian North Gas Cogeneration Project Preparation and Construction Office (海淀北部燃氣熱電冷聯供項目籌建處) from September 2011 to March 2012. Mr. Gao served in Beijing Shangzhuang Gas-Thermal Power Co., Ltd (北京上莊燃氣熱電有限公司) as the general manager from March 2012 to November 2017, the secretary of the Party Committee, executive director and general manager from November 2017 to January 2018 and the secretary of the Party Committee and the executive director from January 2018 to May 2020. He has been the secretary of the Party Committee and executive director of Beijing Jingqiao Thermal Power Co., Ltd. (北京京橋熱電有限責任公司) from May 2020 to February 2021; the deputy general manager of the Company from January 2021 to February 2021; an executive Director and the deputy general manager of the Company since February 2021. Mr. Gao graduated from the Department of Power Engineering of North China Electric Power University (華北電力學院) in 1987, majoring in environmental engineering and obtained a bachelor's degree in engineering.

Mr. CAO Mansheng (曹滿勝), aged 50, is an executive Director and the deputy general manager of our Company. Mr. Cao served as operation watchman of electrical workshop, maintenance worker and head of thermal automation team, deputy director of Thermal Inspection Branch (熱工檢修分公司) of Beijing No. 3 Thermal Power Plant (北京第三熱電廠) from July 1993 to December 2001; director of Thermal Maintenance Branch and person in charge of thermal control of the construction expansion department of Beijing Jingfeng Thermal Power Co., Ltd. from December 2001 to February 2005; person in charge of infrastructure construction of the construction expansion department, head of the department of maintenance, deputy chief engineer and head of the department of safety production technology, chief engineer and deputy general manager of Beijing Jingfeng Thermal Power Co., Ltd./Beijing Jingfeng Gas Fired Power Co., Ltd from February 2005 to August 2012; general manager of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. (北京太陽宮燃氣熱電有限公司) from August 2012 to November 2017; the secretary of party committee, chairman and general manager of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. from November 2017 to January 2018; the secretary of party committee and chairman of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. from January 2018 to May 2018; and the deputy general manager of the Company from May 2018 to June 2019; an executive Director and the deputy general manager of the Company since June 2019. Mr. Cao graduated from Department of Thermal Power Engineering of Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) in July 1993 majoring in production process automation and obtained a bachelor's degree in engineering, and graduated from School of Business Administration of North China Electric Power University in June 2003 majoring in management engineering and obtained a second bachelor's degree in management.

Profiles of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. REN Qigui (任啟貴), aged 58, is a non-executive Director of the Company. Mr. Ren served as an engineer of the Department of Energy and Power of Chinese Academy of Agricultural Mechanization Sciences (中國農業機械化科學研究所能源動力所) from August 1986 to June 1995; a cadre, manager of information division, manager of investment division and information division, assistant to general manager and deputy general manager of Beijing Energy Investment Company (北京市能源投資公司) from June 1995 to July 2006; deputy general manager and general manager of Beijing Jingneng Energy Technology Investment Co., Ltd. (北京京能能源科技投資有限公司) from July 2006 to June 2010; general manager of Beijing Jingneng Energy Technology Investment Co., Ltd., secretary of the party committee and deputy general manager of the Company from June 2010 to June 2011; secretary of the party committee and deputy general manager of the Company from June 2011 to August 2012; secretary of the party committee of the Company and general manager of Beijing Huayuan Heating Pipeline Co., Ltd. (北京華源熱力管網有限公司) from August 2012 to September 2012; secretary of the party committee of the Company and secretary of the party committee and general manager of Beijing Huayuan Heating Pipeline Co., Ltd. from September 2012 to November 2013; secretary of the party committee of the Company and general manager of Beijing Huayuan Heating Pipeline Co., Ltd. from November 2013 to March 2017; provisional deputy secretary of the party committee and general manager of Beijing Huayuan Heating Pipeline Co., Ltd. from March 2017 to July 2017; deputy secretary of the party committee and general manager of Beijing Huayuan Heating Pipeline Co., Ltd. from July 2017 to November 2017; secretary of the party committee and executive director of Beijing Huayuan Heating Pipeline Co., Ltd. from November 2017 to March 2019; a full-time investment director of Beijing Energy Holding Co., Ltd (北京能源集團有限責任公司) and a director of Beijing District Heating (Group) Co., Ltd (北京市熱力集團有限責任公司) since March 2019; a director of Beijing Jingmei Group Co., Ltd (北京京煤集團有限責任公司) since April 2019; the director of Beijing Jingneng Power Co., Ltd. (a company listed on the Main Board of Shanghai Stock Exchange, stock code: 600578) since June 2019; a director of Beijing Jingneng Thermal Development Co., Ltd.* (北京京能熱力發展有限公司) since November 2020. Mr. Ren graduated from Department of Agricultural Mechanical Engineering of Beijing Agricultural Engineering University (北京農業工程大學) in July 1986 majoring in internal combustion engine and obtained a bachelor's degree in engineering, and graduated from School of Management of Xiamen University in June 2008 majoring in business administration and obtained a master's degree in business administration.

Ms. LI Juan (李娟), aged 36, is a non-executive Director of our Company. Ms. Li served as business assistant of the financing management department of BSCOMC from January 2010 to January 2015, business supervisor of the financing management department of BSCOMC and senior vice president of Beijing Equity Investment Development Management Co., Ltd. from January 2015 to November 2016, senior manager of the financing management department of BSCOMC from November 2016 to August 2017, senior manager of the third department of investment management of BSCOMC from August 2017 to March 2018, senior manager of the second department of investment management of BSCOMC since March 2018 and director of AVIC Aviation High-Technology Co., Ltd. (a company listed on the Main Board of Shanghai Stock Exchange, stock code: 600862) since February 2019. Ms. Li graduated from the University of Aberdeen in the United Kingdom majoring in finance in September 2007, and graduated from the Robert Gordon University in the United Kingdom majoring in financial management in June 2009 and obtained a Master degree in financial management.

* for identification purpose only

Mr. WANG Bangyi (王邦宜), aged 47, is a non-executive Director of our Company. Mr. Wang was the project management engineer of the Central Research Department of Huawei Technologies Co., Ltd. from August 2000 to August 2001. From July 2005 to September 2008, he was the investment manager of the Fixed Income Department of China Re Asset Management Company Ltd. From September 2008 to September 2010, he served as a senior commissioner of Investment Management Center of Happy Life Insurance Co., Ltd. and served as the executive general manager of Investment Department of China Galaxy Financial Holdings Company Limited from September 2010 to June 2011. From July 2011 to March 2012, he served as the deputy general manager of the Portfolio Management Department of China Re Asset Management Company Ltd. From April 2012 to December 2013, he served as the general manager of the Portfolio and Market Risk Management Department of China Re Asset Management Company Ltd. He served as the chief strategy officer of China Re Asset Management Company Ltd. from December 2013 to October 2017. From February 2014 to July 2015, he was the head of Fixed Income Department of China Re Asset Management Company Ltd. He served as the head of Portfolio and Market Risk Management of China Re Asset Management Company Ltd. from July 2015 to October 2017. He served as the assistant to general manager of China Re Asset Management Company Ltd. from April 2017 to August 2019. He has been serving as the general manager of China Re Asset Management (Hong Kong) Co., Ltd. since April 2017 and a non-executive director of China Development Bank Financial Leasing Co., Ltd. (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1606) since November 2019. Mr. Wang graduated from China Three Gorges University in July 1995 and obtained a bachelor's degree in welding technology and equipment. He graduated from the Department of Statistics of Xiamen University in June 2000 and obtained a master's degree in national economics. In June 2005, he graduated from the School of Economics and Management of Tsinghua University and obtained a Ph.D. in quantitative economics. He graduated from The Research Institution for Fiscal Science and obtained a postdoctoral degree in applied economics in November 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Xiang (黃湘), aged 64, is an independent non-executive Director of our Company. Mr. Huang served as a lead engineer in heat engine and site worker representative of Institute for Electric Power Survey and Design in Hebei province from July 1982 to January 1991; served as the project design president and deputy general engineer of Institute for Electric Power Survey and Design in Hebei province from January 1991 to August 1993; served successively as the general engineer, manager representative for the Institute, deputy president and president of Institute for Electric Power Survey and Design in Hebei province from August 1993 to November 2001; served as the deputy general engineer and general engineer of China Huadian Engineering (Group) Co., Ltd, a judge for the National Prize for Progress in Electric Power, editor-in-chief of Huadian Technology magazine, head of electric power coal-fired mechanism standardization technical committee in electric power industry, deputy head of National Key Laboratory for Huadian Decentralized Energy from November 2001 to March 2014. Mr. Huang served as an inspector of China Huadian Engineering (Group) Co., Ltd from March 2004 to June 2016. Mr. Huang retired in June 2016. Mr. Huang graduated from Thermal Energy and Power Engineering major of Southeast University with a bachelor degree in July 1982. He is a qualified senior engineer.

Profiles of Directors, Supervisors and Senior Management

Mr. CHAN Yin Tsung (陳彥璁), aged 41, is an independent non-executive Director of our Company. Mr. Chan has over 17 years of working experience in initial public offering, corporate merger and acquisition, restructuring, due diligence, auditing, financial modelling analysis and business valuation. From November 2003 to July 2010, Mr. Chan held relevant positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance. Mr. Chan served the investment banking division of Essence International Financial Holdings Limited from October 2010 to April 2011; served the private equity department of the same company as a senior manager from June 2011 to July 2012; serves as an independent non-executive director, the chairman of audit committee and nomination committee and a member of remuneration committee of Zhidao International (Holdings) Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1220) from September 2014 to September 2019, and serves as an independent non-executive director, the chairman of audit committee and remuneration committee and a member of the nomination committee of China Ludao Technology Company Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 2023) since November 2016; an independent non-executive director, the chairman of audit committee, a member of remuneration committee and nomination committee of Bonny International Holding Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1906) since July 2020. Mr. Chan graduated from the University of British Columbia in November 2001 with a bachelor degree in business and Hong Kong University of Science and Technology in November 2011 with a master degree in financial analysis. Mr. Chan is a certified public accountant under the American Institute of Certified Public Accountants.

Mr. HAN Xiaoping (韓曉平), aged 63, is an independent non-executive Director of our Company. Mr. Han worked as an editor and reporter at CAAC Journal and CAAC Inflight Magazine for the General Administration of Civil Aviation of China (CAAC) from 1986 to 1988. He served as the vice president for the Saturn Computer System Co., Ltd.* (土星計算機公司) from 1990 to 1993. He joined Beijing Falcon Investment Co., Ltd.* (群鷹投資有限公司) in 1993 and has engaged in energy investment consultation business since then. He has been a committee member of the new technology committee under the Cogeneration Professional Committee of the Chinese Society for Electrical Engineering from 1995 to 2015. He established China Energy Net in 2000 and has served as its managing director and chief information officer since then. Mr. Han currently serves as the chief writer of Energy Review, chief researcher of China Energy Net Research Center, a senior expert of China City Gas Association Distributed Energy Professional Committee, a Sinopec social supervisor, an expert at the Policies & Regulations Department of National Energy Administration, a deputy director of China Energy Research Society Distributed Energy Professional Committee. Mr. Han is an independent non-executive director, a member of the audit committee and nomination committee of Longitech Smart Energy Holding Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1281) since June 2016; an independent non-executive director of Tianjin Tianbao Energy Co., Ltd. (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1671) since March 2017; and an independent director, the chairman of the nomination committee and the chairman of the remuneration and appraisal committee of GCL Energy Technology Co., Ltd. (協鑫能源科技股份有限公司) (a company listed on the Main Board of the Shenzhen Stock Exchange, stock code: 002015) since June 2019.

* for identification purpose only

Mr. Xu Daping (徐大平), aged 78, is an independent non-executive Director of our Company. He served as a technician of the No.1 Engineering Bureau of the Ministry of Hydropower from July 1967 to April 1979, professor and president of Gezhou Dam Hydropower Engineering Institute from April 1979 to November 1993, professor and deputy director of Beijing Dynamics and Economics Institute from November 1993 to September 1995, professor, principal and secretary of party committee of North China Power University from September 1995 to March 2009, and retired in March 2009. Mr. Xu graduated from Tsinghua University and obtained a bachelor's degree majoring in thermal engineering surveying and automatic control. Mr. Xu holds the title of professor.

SUPERVISORS

Mr. WANG Xiangneng (王祥能), aged 56, is the chairman of the Board of Supervisors of our Company. He served as the accountant of the Infrastructure Office of the Administration of Institutional Affairs of the Chinese Academy of Social Sciences (中國社會科學院機關事務管理局基建處) from July 1986 to July 1988 (during which period, he volunteered to teach in Tangyin County, Henan as a member of the Central State-level Lecturer Team (中央國家機關講師團) from June 1987 to June 1988), accountant of the finance department of National Agriculture Investment Co. Ltd. (國家農業投資公司) from July 1988 to September 1994, business director of finance and accounting department of State Development and Investment Co., Ltd. (國家開發投資公司) from September 1994 to May 1997, vice president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (國家測繪局中測審計事務所) from May 1997 to December 1998, president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (國家測繪局中測審計事務所) from December 1998 to September 1999, certified public accountant of Zhongchengxin Accounting Firm (中誠信會計師事務所) from September 1999 to March 2000, certified public accountant of Otdi Accounting Firm (奧特迪會計師事務所) from March 2000 to October 2001, certified public accountant of Beijing Zhongguanghua Accounting Firm (北京中光華會計師事務所) from October 2001 to May 2002, manager of the finance department and manager of the planning and finance department of Beijing International Power Development and Investment Company (北京國際電力開發投資公司) from May 2002 to November 2004, manager of the finance department and manager of the planning and finance department of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to December 2009, vice president and party committee member of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) from December 2009 to June 2013, deputy general manager of Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司) from June 2013 to September 2013, deputy general manager of Beijing Jingneng Power Co., Ltd. from September 2013 to May 2018, deputy general manager of Beijing Jintai Group Co. Ltd (北京金泰集團有限公司) from May 2018 to September 2018, full-time investment director of Beijing Energy Holding Co., Ltd since September 2018, chairman of the board of supervisors of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) since July 2006 and vice chairman of the board of directors of Guohua Energy Co., Ltd. (國華能源有限公司) since November 2017. He has served as supervisor of Beijing Jingneng Energy Technology Research Co., Ltd. (北京京能能源技術研究有限責任公司) since December 2018, the chairman of the Board of Supervisors of Jingneng Electricity Logistic Services Co., Ltd.* (京能電力後勤服務有限公司) since January 2019; supervisor of Beijing Jingneng Tongxin Investment Management Co., Ltd. (北京京能同鑫投資管理有限公司) since May 2019, supervisor of Beijing Jingneng Clean Energy Co., Limited (北京京能清潔能源電力股份有限公司), Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司) and Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司) since June 2019, and supervisor of Jingneng Service Management Co., Ltd. (京能服務管理有限公司) since November 2019. Mr. Wang graduated from Department of Capital Construction Economics of Zhongnan University of Economics and Law, majoring in capital construction finance and credit with a bachelor's degree in economics in July 1986. He graduated from the Advanced Course for Postgraduates majoring in Accounting in Capital University of Economics and Business in July 2004 and graduated from School of Software and Microelectronics of Peking University majoring in software engineering with a master's degree in engineering in January 2008.

* for identification purpose only

Mr. SUN Li (孫力), aged 55, is a Supervisor of the Company. Mr. Sun served as the deputy director of the News Department of the General Office of the Ministry of Water Resources from August 1996 to December 1998; a cadre of the Office of Preparation for Water Resources Dispatch Building of the Ministry of Water Resources from January 1999 to May 2002; and the head of general manager office of Beijing International Power Development and Investment Corporation from May 2002 to December 2004. He also successively served as the head of the office of board of directors, director of human resources department, party branch secretary and head of the general manager office of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to December 2014; the head of the general manager office, head of human resources department and deputy director of the organization department of the party committee of Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司) from December 2014 to May 2018; the secretary of party committee and executive director of Beijing Yuanshen Energy Saving Technology Co., Ltd. (北京源深節能技術有限責任公司) from May 2018 to June 2020; and a full-time investment director of Beijing Energy Holding Co., Ltd. since June 2020; a supervisor of Jingneng Xilinguole Energy Co., Ltd.* (京能錫林郭勒能源有限公司) and a director of Beijing Haohua Energy Resource Co., Ltd. (北京昊華能源股份有限公司) since July 2020; the chairman of the Board of Supervisors of Invest Beijing International Co., Ltd. (投資北京國際有限公司) since November 2020; a director of BAIC Motor Corporation Limited (北京汽車股份有限公司) since January 2021. Mr. Sun graduated from the Department of Journalism of Chinese People's Police University majoring in journalism and obtained a Bachelor's degree of Arts in July 1988, and graduated from the School of Business Administration of Renmin University of China majoring in business administration and obtained a master's degree in business administration in June 2001.

Mr. YANG Huixian (楊會先), aged 57, is a Supervisor of the Company. He served as the secretary of the general branch of the Communist Youth League of the Fifth Factory of Beijing Coal Corporation (北京市煤炭總公司五廠) from February 1985 to December 1986, the deputy secretary of the Communist Youth League Committee, chief section staff of the party office and secretary of the Communist Youth League Committee of Beijing Coal Corporation (北京市煤炭總公司) from December 1986 to February 1994, the deputy director of the First Factory of Beijing Coal Corporation (北京市煤炭總公司一廠) from February 1994 to January 1997, the secretary of the party committee of the First Factory and Fourth Factory of Beijing Coal Corporation (北京市煤炭總公司一廠、四廠) from January 1997 to December 2000, the manager and secretary of general party branch of Beijing Jintai Hengye Co., Ltd. Haibo Branch (北京金泰恒業有限責任公司海博分公司) from December 2000 to November 2007, the secretary of general party branch and chairman of Beijing Jintai Hengye International Tourism Co., Ltd. (北京金泰恒業國際旅遊有限公司) from November 2007 to March 2010, a standing member of the party committee, president of labour union and employee representative director of Beijing Jintai Group Co. Ltd. (北京金泰集團有限公司) from March 2010 to December 2012, the deputy secretary of the party committee, secretary of the commission for discipline inspection and employee representative supervisor of Beijing Jintai Group Co. Ltd. from December 2012 to July 2017, and the deputy secretary of the party committee, secretary of the commission for discipline inspection, president of labour union and employee representative director of Beijing Jintai Group Co. Ltd. from July 2017 to May 2018. He has been the deputy secretary of the party committee and president of labour union of the Company since May 2018. Mr. Yang graduated from the Correspondence Institute of the Central Party School (中央黨校函授學院) majoring in economic management in December 1997.

*   for identification purpose only

SENIOR MANAGEMENT

Mr. ZHANG Fengyang (張鳳陽), aged 51, is the Chairman of the Board and an executive Director of the Company. Please refer to his biography under the paragraph headed "– Executive Directors" above.

Mr. CHEN Dayu (陳大宇), aged 50, is an executive Director and the general manager of the Company. Please refer to his biography under the paragraph headed "– Executive Director" above.

Mr. GAO Yuming (高玉明), aged 56, is an executive director and deputy general manager of the Company. Please refer to his biography under the paragraph headed "– Executive Director" above.

Mr. CAO Mansheng (曹滿勝), aged 50, is an executive Director and deputy general manager of our Company. Please refer to his biography under the paragraph headed "– Executive Directors" above.

Mr. WANG Gang (王剛), aged 51, holder of a master's degree, a senior engineer, is a deputy general manager of the Company and has more than 20 years of experience in project management of power industry. Mr. Wang successively served as a laboratory technician of building engineering agency, site technician of main workshop, deputy chief engineer, deputy chief engineer of Sanhe Project Management Department, deputy manager and chief engineer, deputy manager of Pandian project department and deputy manager of Tangdian technical transformation project department of Jixian Power Plant of Beijing Thermal Power Construction Company (北京火電建設公司薊縣電廠) from July 1992 to August 2003; project manager of power investment construction department of Beijing International Power Development Investment Corporation (北京國際電力開發投資公司) from November 2003 to November 2004; project manager of power energy construction department of Beijing Energy Investment from December 2004 to September 2007 and deputy general manager of Beijing International Power New Energy Co., Ltd. (北京國際電力新能源有限公司) from September 2007 to July 2009; deputy general manager of Shanxi Jingyu Power Generation Co., Ltd. (山西京玉發電有限責任公司) from July 2009 to March 2012 (during which period, he majored in business administration at the School of Economics and Management of North China Electric Power University from May 2009 to March 2012 and obtained a master's degree); deputy general manager of Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. (北京京能高安屯燃氣熱電有限責任公司) from March 2012 to October 2014; the secretary of the provisional party committee and deputy general manager of Shanxi Jingneng Zuoyun Thermal Power Co., Ltd. (山西京能左雲熱電有限責任公司) from October 2014 to August 2016; the secretary of the provisional party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. (京能(錫林郭勒)發電有限公司) and deputy general manager of Shanxi Jingtong Thermal Power Co., Ltd. (山西京同熱電有限公司) from August 2016 to March 2017; and the secretary of the provisional party committee and secretary of party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. from March 2017 to January 2018.

Ms. FANG Xiujun (方秀君), aged 50, is the chief accountant of the Company, holder of a bachelor's degree, a senior accountant and certified public accountant with over 20 years of financial management experience in the power industry. Ms. Fang successively served as an accountant of financial department of Beijing Composite Investments Company (北京市綜合投資公司), deputy director of finance of Beijing Toronto International Hospital (北京多倫多國際醫院) via dispatch, project manager and deputy manager of financial department of Beijing Composite Investments Company from March 1996 to December 2004; and successively served as the deputy manager of financial department, deputy manager of planning finance department, deputy director of finance and property management department of Beijing Energy Investment and deputy director of financial management department of BEH from December 2004 to May 2018; deputy general manager of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) and deputy general manager of Beijing Jingneng Coal-fired Power Asset Management Co., Ltd. (北京京能煤電資產管理有限公司) since June 2013; and deputy general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited since November 2015.

Mr. KANG Jian (康健), aged 57, is a deputy general manager and secretary of the Board of the Company, graduated from Rensselaer Polytechnic Institute in the United States, holder of an MBA degree, a senior project manager and has more than 22 years of experience in strategic management, marketing management and investor relations management for large state-owned and multinational companies. Mr. Kang served as an assistant manager of Marketing Division of U.S. Albany International Company from July 1999 to February 2000; a regional manager of the Greater China area of Canadian Tucows Inc. from April 2000 to March 2003; a senior manager of the department of automation system of Automation & Drives Group and the director of strategic development and customer relations of the Strategic Marketing Department at Siemens Ltd., China from January 2004 to July 2009; deputy director of the office of strategic investment of BEH from August 2009 to December 2009 and the deputy general manager and the secretary of the Board of the Company since December 2009.

COMPANY SECRETARY

Mr. KANG Jian (康健), serves as secretary to the Board and the company secretary. Please refer to his biography under the paragraph headed "– Senior Management."

The Board of Directors of the Company now presents the annual report of the year 2020 (the "**Annual Report**") and the consolidated audited financial statements of the Group (the "**Financial Statements**") for the year ended 31 December 2020 to Shareholders.

REGISTERED SHARE CAPITAL

As of 31 December 2020, the total registered share capital of the Company was RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic legal person shares and 2,829,676,800 H Shares. Details of movements in the registered share capital of the Company during the year are set out in note 41 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

DEBENTURES IN ISSUE

The Company issued debentures in light of the demand of business operation and capital expenditures, as well as the market condition. Details of debentures in issue of the Company for the year ended 31 December 2020 are set out in notes 35 and 36 to the Financial Statements.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

Looking forward, the Group will continue to expand its markets at home and abroad so as to tap into its internal potential and undertake more quality works, exquisite works and works with high returns, thereby maximizing Shareholders' interest and creating higher value. We will continue to grow the Group both in scale and strength through self-development, acquisitions, M&A and other means. Our future business plan will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2020, the Company did not enter into any equity-linked agreement, nor did any equity-linked agreement exist at the end of the year 2020.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed the above, no permitted indemnity provision was made by the Company for the year ended 31 December 2020 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees of the Company or were held as support for the other liabilities for the year ended 31 December 2020.

CHARGES ON GROUP ASSETS

As at 31 December 2020, the certain of Group's bank borrowings were secured by the pledge of the Group's property, plant and equipment of RMB2,353.1 million, trade receivables of RMB135.9 million and restricted bank deposits of RMB52.3 million. Details of these are set out in note 46 to the Financial Statements.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies for the year ended 31 December 2020, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the year ended 31 December 2020.

SHARE OPTION SCHEME

The Company did not adopt any share option scheme in the year ended 31 December 2020.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PRINCIPLE BUSINESS

The Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower, photovoltaic power and other clean energy projects. All electricity generated is sold to local grid companies. Details of the major subsidiaries and associates of the Company are set out in notes 52 and 22 to the Financial Statements, respectively.

RESULTS

The audited results of operations of the Group for the year ended 31 December 2020 are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and other Comprehensive Income on pages 77 to 78. The financial condition of the Group for the year ended 31 December 2020 is set out in the Consolidated Statement of Financial Position on pages 79 to 80. The consolidated cash flow of the Group for the year ended 31 December 2020 is set out in the Consolidated Statement of Cash Flows on pages 82 to 84.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the year are set out in Management Discussion and Analysis of the Annual Report on page 8 to page 21.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 9 to 11 and pages 19 to 21 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found on page 19 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 11 to 16 of this Annual Report. Save as the lapse of H Share Offer provided on page 18 of this Annual Report, to the knowledge of the Directors, there has not been any other important event affecting the business of the Group since the end of the financial year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Company's environmental policies and performance will be set forth in the Environmental, Social and Governance Report, which will be published on the website of the Hong Kong Stock Exchange in due course.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Company has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the reporting period, the Company has complied, to the best knowledge of Directors, with all relevant rules and regulations that have a significant impact on the Company.

DIVIDEND POLICY

The Company has adopted a Dividend Policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company will give full consideration to the interests of shareholders and make the implementation of a reasonable profit distribution policy according to business situation of the Company and market condition. The Company's profit distribution policy shall to the greatest extent maintain continuity and stability, and give priority to cash dividends, with the specific profit-sharing ratio to be passed with a resolution in accordance with relevant laws and regulations at the general meeting.

The Board has the discretion to declare and distribute dividends by way of cash or scrip or by other means that the Board considers appropriate to the Shareholders, which subject to the approval of the general meeting, the Articles of the Association, all applicable laws and regulations and the factors set out below:

- Financial results;
- Cash flow situation;
- Business conditions and strategies;
- Future operations and earnings;
- Capital requirements and expenditure plans;
- Interests of shareholders;
- Any restrictions on payment of dividends; and
- Any other factors that the Board may consider relevant.

The Board will review the Dividend Policy as appropriate from time to time.

FINAL DIVIDEND

The Board resolved to propose to the Shareholders at the annual general meeting of the Company for the year ended 31 December 2020 to be held on 24 June 2021 (the "**AGM**"), for their consideration and approval of the payment of a final dividend of RMB0.0688 per share (tax inclusive) for the year ended 31 December 2020 (the "**2020 Final Dividends**") payable to the Shareholders, whose names are listed in the register of members of the Company on 6 July 2021, in an aggregate amount of approximately RMB567.2 million. The 2020 Final Dividends will be denominated and declared in RMB. Dividends on domestic shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2020 Final Dividends are expected to be paid on or around 18 August 2021.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force since 1 January 2008 and other relevant rules, where the Company distributes the proposed 2020 Final Dividends to non-resident enterprise shareholders whose names appear on the register of members for H Shares, it is required to withhold enterprise income tax at a rate of 10%. Any H Shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or 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.

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the Individual Income Tax Law, the Tentative Measures on Withholding and Payment of Individual Income Tax and other relevant laws and regulations, the foreign individuals who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of the such individual H shareholders. However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax effective from 13 May 1994 (the "**1994 Notice**") grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has become a "foreign-invested enterprise" since August 2010 as approved by the relevant PRC authorities, the individual shareholders who hold the Company's H Shares and whose names appear on the register of members of H Shares (the "**Individual H Shareholders**") are not required to pay PRC individual income tax when the Company distributes the 2020 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2020 Final Dividends to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H Shares.

According to the Articles of Association, unless otherwise provided by the relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the applicable exchange rates shall be the average selling price announced by the People's Bank of China for the one calendar week before the declaration date of such cash dividends and other payments.

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain Shareholders' entitlement to attend and vote at the AGM and to the proposed 2020 Final Dividends, the H Share register of members of the Company will be closed from 21 June 2021 to 24 June 2021 (both days inclusive) and from 2 July 2021 to 6 July 2021 (both days inclusive) respectively, during such periods no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 18 June 2021.

In order to qualify for receiving the proposed 2020 Final Dividends (subject to the approval by Shareholders at the forthcoming AGM), holders of H Shares shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on 30 June 2021.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Company and its subsidiaries during the year are set out in note 17 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to shareholders as at 31 December 2020 represents the retained profits of approximately RMB6,525 million (2019: RMB5,687 million).

DONATIONS

During the reporting period, the Group made external donations of approximately RMB8.2 million (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Group as at 31 December 2020 are set out in note 34 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors, Supervisors and Senior Management of the Company for the year ended 31 December 2020 and as the date of this report is illustrated below.

Name	Title in the Company	Date of Appointment or Re-election
ZHANG Fengyang	Executive Director and Chairman of the Board	28 May 2020/ 20 November 2020
CHEN Dayu(1)	Executive Director and general manager	19 February 2021/ 10 November 2020
GAO Yuming(2)	Executive Director and deputy general manager	19 February 2021/ 12 January 2021
CAO Mansheng	Executive Director and deputy general manager	28 May 2020/ 25 May 2018
ZHU Jun(3)	Executive Director and deputy general manager	20 June 2019/ 25 May 2018
AN Zhenyuan(4)	Executive Director and deputy general manager	25 September 2020/ 14 July 2020
REN Qigui	Non-executive Director	28 May 2020
LI Juan	Non-executive Director	28 May 2020
WANG Bangyi	Non-executive Director	28 May 2020
LIU Haixia(5)	Non-executive Director and Chairman of the Board	28 May 2020
HUANG Xiang	Independent non-executive Director	28 May 2020
CHAN Yin Tsung	Independent non-executive Director	28 May 2020
HAN Xiaoping	Independent non-executive Director	28 May 2020
XU Daping(6)	Independent non-executive Director	20 November 2020
ZHANG Fusheng(7)	Independent non-executive Director	28 May 2020
WANG Xiangneng	Chairman of the Board of Supervisors	28 May 2020
SUN Li(8)	Supervisor	25 September 2020
YANG Huixian(9)	Supervisor	28 May 2020
HUANG Hui(10)	Supervisor	28 May 2020
HUANG Linwei(11)	Supervisor	1 March 2017
WANG Gang	Deputy general manager	25 May 2018
FANG Xiujun	Chief accountant	25 May 2018
KANG Jian	Deputy general manager and secretary of the Board	11 March 2010/ 14 December 2009

Notes:

(1) The appointment of Mr. Chen Dayu as executive Director took effect on 19 February 2021.

(2) The appointment of Mr. Gao Yuming as executive Director took effect on 19 February 2021.

(3) Mr. Zhu Jun's term of office as executive Director expired on 28 May 2020.

(4) The appointment of Mr. An Zhenyuan as executive Director took effect on 25 September 2020 and the resignation of Mr. An as executive Director took effect on 20 November 2020.

(5) The resignation of Mr. Liu Haixia as non-executive Director and Chairman of the Board took effect on 20 November 2020.

(6) The appointment of Mr. Xu Daping as independent non-executive Director took effect on 20 November 2020.

(7) The removal of Mr. Zhang Fusheng as independent non-executive Director took effect on 20 November 2020.

(8) The appointment of Mr. Sun Li as Supervisor took effect on 25 September 2020.

(9) The appointment of Mr. Yang Huixian as Supervisor took effect on 28 May 2020.

(10) The resignation of Mr. Huang Hui as Supervisor took effect on 25 September 2020.

(11) The resignation of Ms. Huang Linwei as Supervisor took effect on 28 May 2020.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 24 to 32 of the Annual Report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors, major terms of which include that (1) the tenure of each Director shall continue till the expiration of the term of the current session of the Board of Directors; and (2) the tenure may be terminated in accordance with respective terms of the contract. The service contracts may be renewed under the Articles of Association and applicable rules.

The Company has entered into contracts with the Supervisors in respect of, among others, compliance with relevant laws and regulations, the Articles of Association and provisions of arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company which is not determinable by the Company within one year without payment of compensation, other than statuary compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 14 to the Financial Statements. The emoluments of the Directors and Supervisors are determined by the Remuneration and Nomination Committee based on the experience and duties of the Directors and Supervisors.

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2020 are set out below:

	Number of employees in 2020
HK$1,000,001 to HK$1,500,000	3

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

At the end of the year of 2020 or at any time during the year, there were no transaction, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, directly or indirectly, and in which any Director or Supervisor or any entity connected with the Director or Supervisor had a material interest.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2020, save as disclosed below, none of the Directors or their associates had any competing interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses:

Name	Positions in the Company	Other interests
LIU Haixia[(1)]	Non-executive Director	Deputy general manager of BEH
LI Juan	Non-executive Director	Senior manager of the second department of investment management of BSCOMC

Note:

(1) The resignation of Mr. Liu Haixia as non-executive Director took effect on 20 November 2020.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, no Director, Supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2020, to the knowledge of the Directors of the Company, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Note: (L) – Long position

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held (share)	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
BEH *(Note 1 and Note 2)*	Domestic share	Beneficial interest and interest of a controlled corporation	5,190,483,053 (L)	95.86	62.96
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
BSCOMC *(Note 1 and Note 2)*	Domestic share	Beneficial interest and interest of a controlled corporation	5,414,831,344 (L)	100.00	65.68
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
Beijing Energy Investment *(Note 2)*	H share	Beneficial interest	471,612,800 (L)	16.67	5.72
SAIF IV GP Capital Ltd. *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10
SAIF IV GP LP *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10
SAIF Partners IV L.P. *(Note 3)*	H share	Beneficial interest	173,532,000 (L)	6.13	2.10
Yan Andrew Y. *(Note 3)*	H share	Interest of a controlled corporation	173,532,000 (L)	6.13	2.10
Beijing Enterprises Holdings Limited *(Note 4)*	H share	Interest of a controlled corporation	196,964,000 (L)	6.96	2.39
Beijing Enterprises Energy Technology Investment Co., Limited *(Note 4)*	H share	Beneficial interest	196,964,000 (L)	6.96	2.39
Beijing Enterprises Energy Technology (Hong Kong) Co., Limited *(Note 4)*	H share	Interest of a controlled corporation	196,964,000 (L)	6.96	2.39
Central Huijin Investment Ltd. *(Note 5)*	H share	Interest of a controlled corporation	653,136,000 (L)	23.08	7.92
China Reinsurance (Group) Corporation *(Note 5)*	H share	Beneficial interest and interest of a controlled corporation	653,136,000 (L)	23.08	7.92
China Property & Casualty Reinsurance Company Ltd. *(Note 5)*	H share	Beneficial interest	196,704,000 (L)	6.95	2.39

Notes:

1. Beijing International Electric Engineering Co., Ltd. directly held 92,654,249 domestic shares of the Company. As far as the Company is aware, Beijing International Electric Engineering Co., Ltd was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 92,654,249 domestic shares held by Beijing International Electric Engineering Co., Ltd..

   Beijing District Heating (Group) Co., Ltd. directly held 16,035,322 domestic shares of the Company. As far as the Company is aware, Beijing District Heating (Group) Co., Ltd. was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 16,035,322 domestic shares held by Beijing District Heating (Group) Co., Ltd..

   BEH directly held 5,081,793,482 domestic shares of the Company. In accordance with the SFO, BEH had/was deemed to be interested in an aggregate of 5,190,483,053 domestic shares of the Company.

   BSCOMC directly held 224,348,291 domestic shares of the Company. As far as the Company is aware, BEH was wholly-owned by BSCOMC. In accordance with the SFO, BSCOMC had/was deemed to be interested in an aggregate of 5,414,831,344 domestic shares of the Company.

2. Beijing Energy Investment directly held 471,612,800 H shares of the Company. As far as the Company is aware, Beijing Energy Investment was wholly-owned by BEH, while BEH was wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC were deemed to be interested in 471,612,800 H shares held by Beijing Energy Investment.

3. SAIF Partners IV L.P. held direct interests in 173,532,000 H shares of the Company. As far as the Company is aware, SAIF Partners IV L.P. was wholly-owned by SAIF IV GP LP, while SAIF IV GP LP was wholly-owned by SAIF IV GP Capital Ltd. and SAIF IV GP Capital Ltd. was wholly-owned by Yan Andrew Y. In accordance with the SFO, SAIF IV GP LP, SAIF IV GP Capital Ltd. and Yan Andrew Y. were deemed to be interested in 173,532,000 H shares held by SAIF Partners IV L.P.

4. Beijing Enterprises Energy Technology Investment Co., Limited directly held 196,964,000 H shares of the Company. As far as the Company is aware, Beijing Enterprises Energy Technology Investment Co., Limited was wholly-owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd., while Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. was wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. and Beijing Enterprises Holdings Limited were deemed to be interested in 196,964,000 H shares held by Beijing Enterprises Energy Technology Investment Co., Limited.

5. China Property & Casualty Reinsurance Company Ltd. directly held interests in 196,704,000 H shares of the Company. China Reinsurance (Group) Corporation held direct interests in 456,432,000 H shares of the Company. As far as the Company is aware, China Property & Casualty Reinsurance Company Ltd. was wholly-owned by China Reinsurance (Group) Corporation, while 71.56% interests of China Reinsurance (Group) Corporation was owned by Central Huijin Investment Ltd.. In accordance with the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. were deemed to have interests in 653,136,000 H shares of the Company.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2020.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt continuing connected transactions during the year.

Pursuant to the announcement of the Company dated 16 October 2019, the Company obtained approval from the board of the Company on the transactions and annual caps under item 1 to 3, 5 to 6, other financial services under item 7 and item 8 for the year 2020, 2021 and 2022.

Pursuant to the announcement of the Company dated 18 December 2019, the Company obtained approval from the extraordinary general meeting of the Company on the transactions and annual caps under item 4 and deposit services under item 7 for the year 2020, 2021 and 2022.

(RMB million)

Connected transactions under		Connected persons	Annual caps for 2020	Actual transaction value in 2020
1.	Framework Equipment Maintenance Agreement	BEH	250.0	238.0
2.	Framework Service Agreement	BEH	124.7	109.7
	– property management services		68.7	62.3
	– administration services		56.0	47.4
3.	EPC Framework Agreement	BEH	46.5	4.6
4.	Framework Heat Sale and Purchase Agreement	BEH	2,271.8	1,845.0
5.	Equipment Purchase Framework Agreement	BEH	250.0	143.7
6.	Finance Lease Framework Agreement	BEH	450.0	247.7
7.	Financial Services Framework Agreement	BEH Finance		
	– deposit services		3,000.0	2,892.9
	– loan services *(Note 1)*		–	–
	– other financial services		30.0	17.4
8.	Property Lease Framework Agreement	BEH	60.1	46.2

Note 1: Given the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. As such, no cap has been set for such services.

Continuing Connected Transactions between the Group and BEH and its Associates

BEH, a controlling shareholder of the Company, directly and indirectly held 68.68% of the total issued share capital of the Company as at 31 December 2020. Accordingly, BEH and its associates, including BEH Finance which is a subsidiary of BEH, are connected persons of the Company pursuant to the Listing Rules.

The Company and BEH and its associates entered into several framework agreements in respect of the continuing connected transactions between them, so as to regulate the continuing connected transactions carried out between the parties. Details of such connected transactions are set out below:

Finance Lease Framework Agreement between BEH and the Company

To expand its financing channels, the Company entered into the Finance Lease Framework Agreement with Beijing YuanShen Financial Leasing Co., Ltd. on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. To avoid large amount of capital expenditure for the purchase of the large machinery equipment, the Company entered into the new Finance Lease Framework Agreement with BEH (instead of Beijing Yuanshen Financial Leasing Co., Ltd.) on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Property Lease Framework Agreement between BEH and the Company

The Company leases properties from BEH and/or its associates, in respect of which the Company and BEH entered into the Framework Property Lease Agreement on 19 March 2014. The term of such agreement is twenty years commencing on the listing date of the Company. On 16 October 2020, the Board resolved to set the annual caps for such continuing connected transactions under the Framework Property Lease Framework Agreement for the three years ending 31 December 2022.

Framework Equipment Maintenance Agreement between BEH and the Company

The Company and BEH entered into the Framework Equipment Maintenance Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for equipment maintenance service, the Company entered into the new Framework Equipment Maintenance Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Framework Service Agreement between BEH and the Company

The Company and BEH entered into the Framework Service Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for (i) property management services, including cleaning, security and catering services, and (ii) administration services, the Company entered into the new Framework Service Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

EPC Framework Agreement between BEH and the Company

The Company and BEH entered into the EPC Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for energy performance contracting services, the Company entered into the new EPC Framework Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Framework Heat Sale and Purchase Agreement between BEH and the Company

The Company and BDHG entered into the Framework Heat Sale and Purchase Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to BEH and its associates' continuous demand for purchasing heat generated by the Group, the Company and BEH (instead of BDHG) entered into the new Framework Heat Sale and Purchase Agreement on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Equipment Purchase Framework Agreement between BEH and the Company

The Company and BEH entered into the Equipment Purchase Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's increasing demand for purchasing more equipment, the Company entered into the new Equipment Purchase Framework Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Financial Services Framework Agreement between BEH Finance and the Company

The Company and BEH Finance entered into the Financial Services Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's increasing demand for financial services (deposit services, loan services and other financial services), the Company entered into the new Financial Services Framework Agreement with BEH Finance on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022.

Save as disclosed above, none of the transactions disclosed as related party transactions in note 48 to the Financial Statements is a connected transaction or a continuing connected transaction for the Company as defined under the Listing Rules nor are they connected transactions or continuing connected transactions for the Company exempt from the reporting requirements under the Listing Rules. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Review and Confirmation

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that such transactions were:

(1) carried out in the ordinary and usual course of business of the Group;

(2) made on normal commercial terms; and

(3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of our Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Company's Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

(i) have not been approved by the Board of Directors;

(ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iv) have exceeded the cap.

Confirmation of the Auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 45 to 48 of the Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the abovementioned connected transactions.

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

The Company and BEH entered into a Non-Competition Agreement and a Supplemental Non-Competition Agreement on 13 June 2011 and 2 December 2011 respectively, under which, BEH agrees that it will not (and it will procure that its subsidiaries (other than listed subsidiaries) will not) compete with the Company in the gas-fired power and heat energy generation business, wind power business, hydro-power business and other clean energy generation business (the "**core business**" of the Company) that and will grant the Company options for new business opportunities and acquisitions, as well as pre-emptive rights. The non-executive Directors of the Company are responsible for approving, considering and deciding on the acceptance of new business opportunities introduced by BEH and/or its subsidiaries.

During the year, the Company's non-executive Directors have reviewed the implementation of the Non-Competition Agreement and confirmed that BEH has fully observed the Agreement without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the total volume of purchases from the five largest suppliers of the Company accounted for 72.3% of the total purchase volume of the year. The purchase from the largest supplier accounted for 59.9% of the total volume of purchases of the year.

For the year ended 31 December 2020, the total revenue generated from the five largest customers of the Company accounted for 83.6% of the total revenue of the year. The revenue generated from the largest customer accounted for 60.1% of the total revenue of the year.

During the year, to the knowledge of the Directors, none of the Directors, their associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% of the Company's share capital) had interests in the five largest suppliers or customers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the note 47 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2020.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that our employees, customers and business associates are keys to our sustainability journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human resources. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees' merits and performance. The Company administers its employee health and safety management system and ensures the adoption of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

The Company values the feedback from customers by daily communication and other means. The Company has also established the mechanism about customer service and support. The Company treats providing customer support as an opportunity to improve our relationship with the customer, addressing customer's concern in a timely manner and in accordance with international standards.

We believe that our suppliers are equally important in driving quality delivery of our project developments. Therefore, we proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable services.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the Latest Practicable Date prior to the issue of this Annual Report, which was in line with the requirement under the Listing Rules.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2020, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2020 annual results and the Financial Statements for the year ended 31 December 2020 prepared in accordance with IFRSs.

AUDITORS

Deloitte Touche Tohmatsu and Grant Thornton (Special General Partnership) were appointed as the international and domestic auditors of the Company, respectively, for the year ended 31 December 2020. The Company's Financial Statements for the year 2020 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu has been the auditor of the Company for the past nine years.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 4 in the Annual Report.

MISCELLANEOUS

The Company was not aware of that any Shareholders had waived or agreed to waive any dividend arrangement for the year ended 31 December 2020.

By order of the board
Beijing Jingneng Clean Energy Co., Limited
ZHANG Fengyang
Chairman

Beijing, the PRC
30 March 2021

Report of the Board of Supervisors

I. SUPERVISORY COMMITTEE'S WORK IN 2020

(i) Supervisory Committee's Meetings Held

In 2020, the Supervisory Committee of the Company held five meetings, and the convening of the meetings, the signing of the proposals and the exercise of Supervisors' rights were in compliance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee.

2020 first meeting of the third session of the Supervisory Committee was held on 31 March 2020 by way of communication voting, at which "Proposal on the 2019 Work Report of the Supervisory Committee" and "Proposal on Implementation of initial Share Appreciation Rights Scheme" was considered and approved.

2020 second meeting of the third session of the Supervisory Committee was held on 28 April 2020 by way of communication voting, at which the "Proposal on Nomination of Candidates of Representative Supervisors of the Shareholders of Beijing Jingneng Clean Energy Co., Limited's Forth Session of the Supervisory Committee" were considered and approved. The proposal submitted was considered and approved in the 2019 Annual General Meeting held on 28 May 2020,and the Election and Appointment of the forth session of the Supervisory Committee was completed.

2020 first meeting of the forth session of the Supervisory Committee was held on 28 May 2020 by way of communication voting, at which the "Proposal on Election of Mr. Wang Xiangneng as a Chairman of the Board of Supervisors of Beijing Jingneng Clean Energy Co., Limited's Forth Session of the Supervisory Committee" were considered and approved.

2020 second meeting of the forth session of the Supervisory Committee was held on 14 July 2020 by way of communication voting, at which the "Proposal on Nomination of Mr. Sun Li as a Representative Supervisor of the Shareholders of the Forth Session of the Supervisory Committee" were considered and approved.

2020 third meeting of the forth session of the Supervisory Committee was held on 27 August 2020 by way of physical attendance and telecommunication, at which "Proposal on 2020 Interim Work Report of the Supervisory Committee" was considered and approved.

(ii) Attendance at the Board Meeting

In 2020, the Supervisory Committee attended all meetings held by the Board of the Company. At each meeting, relevant opinions and suggestions were issued according to the agenda and supervisory responsibilities, and the procedures and voting results of the meetings were supervised according to laws, to ensure that the meetings were carried out in an orderly manner according to laws.

II. SUPERVISION OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS IN 2020

During the reporting period, the Supervisory Committee of the Company conscientiously performed various supervisory duties and actively carried out work in accordance with the Company law, the Articles of Association and the Rules of Procedure for the Supervisory Committee. The Supervisory Committee conducted a series of supervisory and auditing activities on the Company's standardized operation, financial status, major events, connected transactions, information disclosure and the implementation of Proposals of the shareholders' meeting. The Supervisory Committee expressed the following supervisory opinions on the following matters:

(i) Inspecting whether the Company was in lawful operation

Through their presence at Board meetings of the Company in 2020, the members of the Supervisory Committee had reviewed the Proposals submitted to the Board for approval, as well as the Report of the General Manager, the Report of the Board, the Audited Financial Report (IFRS), the Financial Budget Report and relevant Proposals in relation to the significant decisions made by the Board and the Company in operations and management. By means of attending meetings held mentioned above, the process of the making significant decisions and the duty-performing behaviors of Board members and senior management were monitored. The Supervisory Committee was of the view that the process of making significant decisions was in compliance with laws and rules. All Board members and senior management of the Company were featured by their hardworking, due diligence and dedication. Nothing was found to be in violation of law, regulations or the Articles of Association, or damaging to the Company's interests.

(ii) Inspection on the Company's financial condition

Members of the Supervisory Committee conducted effective and careful inspection and review on the Company's financial management system and financial status in 2020. The Supervisory Committee considered that, the Company's financial management system was sound and effective, with perfect internal control system, standardized financial operation and good financial status. The Supervisory Committee carefully reviewed the consolidated financial statements for 2020 to be submitted by the Board to the general meeting which was audited by Deloitte Touche Tohmatsu. The Supervisory Committee believes that the reports follow the principle of consistency and truly, accurately and objectively reflect the Company's financial situation and operating results.

(iii) Inspection on the formulation of the Company's equity incentive plan

The Supervisory Committee has considered and reviewed the Company's initial Share Appreciation Rights Scheme (Draft), and considers that the contents of the Company's Share Appreciation Rights Scheme comply with the laws and regulations such as the Trial Measures on Implementation of Share Incentive Schemes in State Controlled Companies Listed Overseas (《國有控股上市公司(境外)實施股權激勵試行辦法》) and the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System by the State Controlled Listed Companies (《關於規範國有控股上市公司實施股權激勵制度有關問題的通知》) issued by the SASAC, and the requirements of the Hong Kong Companies Ordinance, Securities and Futures Ordinance and Listing Rules as well as the provisions of the Articles of Association, with no harm to the interests of the Company and all shareholders, being conducive to establishing and improving the Company's long-term incentive and restraint mechanism, and fully mobilizing the enthusiasm of the Company's core talents and management backbone.

(iv) Inspection on the rule of law construction

The Supervisory Committee reviewed the resolution on amendments to the Articles of Association and was of the view that such amendments were in line with the updates in laws and regulations and the requirements of the rule of law construction, and the inclusion of the general counsel system was conducive to corporate governance by law and enhancing the ability to guard against legal risks.

(v) Inspection on delisting of H shares of the Company

The Supervisory Committee reviewed the resolution of BEH on making a conditional voluntary general cash offer for Clean Energy H shares and applying for delisting of H shares after the H share offer becomes unconditional, and was of the view that the H share offer was in the interest of the Company and was conducive to restoring the Company's equity financing capacity and safeguarding the financing requirements of the Company for future development.

(vi) Inspection on the Company's connected transactions

The Supervisory Committee reviewed the information relating to the connected transactions with the controlling shareholder of the Company during the year and was of the view that the connected transactions satisfied the relevant regulations of the Hong Kong Stock Exchange and the pricing of the connected transactions was reasonable, open and fair, and there was no matter that damages the interests of Shareholders and the Company. The Directors, general manager and other senior management of the Company have strictly complied with the principle of good faith and performed all rights and obligations conferred by Shareholders with due diligence. No infringement of the interests of Shareholders and the legitimate rights and interests of the employees has been discovered so far.

(vii) Inspecting on the Company's information disclosure

The Supervisory Committee reviewed the relevant documents in relation to the announcement and disclosure made by the Company, and was of the view that the Company had disclosed lawfully, timely and fully the relevant information according to the rules of the Hong Kong Stock Exchange. No false information was found.

(viii) Inspecting on the Company's implementation of the resolutions passed in general meeting

The Supervisory Committee had no objection to the various reports and resolutions submitted to general meetings for approval during the reporting period, and the Board had faithfully implemented each resolution passed in general meetings.

III. WORK ARRANGEMENT OF THE SUPERVISORY COMMITTEE FOR 2021

In 2021, the Supervisory Committee will fully fulfill its supervisory duties, comply strictly with the relevant provisions of the Company Law of the PRC, the Articles of Association, the Rules of Procedure for the Supervisory Committee and the Listing Rules of the Hong Kong Stock Exchange, abide by the principle of good faith, and impose effective supervision on the Company and its Directors and senior management; pay close attention on the production, operation and management of the Company and monitor the significant measures of the Company, so as to promote the growth of the Company's economic benefits and safeguard the interests of all Shareholders and of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix 14 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

In the opinion of the Directors, throughout the year ended 31 December 2020, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors of the Company. All the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board currently comprises eleven members, consisting of 3 non-executive Directors, 4 executive Directors and 4 independent non-executive Directors.

The Board of the Company comprises the following Directors:

Executive Directors

ZHANG Fengyang *(Chairman)*
CHEN Dayu *(General Manager)*
GAO Yuming
CAO Mansheng

Non-executive Directors

REN Qigui
LI Juan
WANG Bangyi

Independent Non-executive Directors

HUANG Xiang
XU Daping
CHAN Yin Tsung
HAN Xiaoping

The biographical information of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on pages 24 to 32 of this Annual Report.

None of the members of the Board is related to one another.

Chairman and General Manager

The Chairman of the Board is Mr. ZHANG Fengyang and the General Manager of the Company is Mr. CHEN Dayu. The positions of Chairman and General Manager are held by separate persons in order to preserve independence and a balance of views and judgment. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board in accordance with good corporate governance practice. The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Independent non-executive Directors

During the year ended 31 December 2020, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Non-executive Directors and Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Pursuant to the Company's Articles of Association, Directors of the Company shall be elected by the general meeting and serve a term of three years. Upon the expiry of their terms of office, the Directors may be re-elected and re-appointed.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the Company Secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year 2020, the Company organized training sessions conducted by the legal advisers for the Directors namely Mr. ZHANG Fengyang, Mr. CAO Mansheng, Mr. REN Qigui, Ms. LI Juan, Mr. WANG Bangyi, Mr. HUANG Xiang, Mr. XU Daping, Mr. CHAN Yin Tsung, Mr. HAN Xiaoping, Mr. ZHU Jun (resigned on 28 May 2020), Mr. ZHANG Fusheng (removed on 20 November 2020), Mr. LIU Haixia (resigned on 20 November 2020) and Mr. AN Zhenyuan (resigned on 20 November 2020). The training session(s) covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates, etc.

The training records of the Directors for the year ended 31 December 2020 are summarized as follows:

Directors	Type of Training Note
Executive Directors	
ZHANG Fengyang *(Chairman)*	A
CAO Mansheng	A
ZHU Jun (resigned on 28 May 2020)	A
AN Zhenyuan (resigned on 20 November 2020)	A
Non-executive Directors	
REN Qigui	A
LI Juan	A
WANG Bangyi	A
LIU Haixia (resigned on 20 November 2020)	A
Independent non-executive Directors	
HUANG Xiang	A
XU Daping	–
CHAN Yin Tsung	A
HAN Xiaoping	A
ZHANG Fusheng (removed on 20 November 2020)	A

Note:

Type of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

BOARD COMMITTEES

The Board has established 4 committees, namely, the Audit Committee, the Remuneration and Nomination Committee, the Strategy Committee and the Legal and Compliance Management Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee and the Remuneration and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Members of each Board committee comprise independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 216.

Audit Committee

The Audit Committee comprises 1 non-executive Director, namely Ms. LI Juan and 2 independent non-executive Directors, namely Mr. CHAN Yin Tsung (Chairman) and Mr. HUANG Xiang, with independent non-executive Directors in majority (including one independent non-executive Director with the accounting expertise). None of the members of the Audit Committee is a former partner of the Company's existing auditors.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, audit plan and relationship with external auditors, and evaluating arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2020, the Audit Committee held three meetings to review the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the internal audit function, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises 3 members, namely Mr. HUANG Xiang (Chairman), Mr. XU Daping and Mr. HAN Xiaoping, all of which are independent non-executive Directors.

Mr. LIU Haixia and Mr. ZHU Jun ceased to be members of the Remuneration and Nomination Committee of the Company on 31 March 2020. Mr. ZHANG Fusheng was removed as a member of the Remuneration and Nomination Committee of the Company on 20 November 2020.

The primary functions of the Remuneration and Nomination Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration and Nomination Committee is also responsible for reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Remuneration and Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Remuneration and Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Remuneration and Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year, the Remuneration and Nomination Committee held five meetings.

The Remuneration and Nomination Committee reviewed and made recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors and senior management, as well as assessed the performance of executive Directors and approved the terms of executive Directors' service contracts.

The Remuneration and Nomination Committee also reviewed the structure, size and composition of the Board and the independence of the independent non-executive Directors, and considered the qualifications of the retiring Directors standing for election at the general meeting.

The Remuneration and Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Strategy Committee

The current members of the Strategy Committee are 3 executive Directors, which are Mr. ZHANG Fengyang (Chairman), Mr. GAO Yuming and Mr. CAO Mansheng and 2 non-executive Directors, which are Ms. LI Juan and Mr. WANG Bangyi.

Mr. ZHU Jun resigned as a member and Mr. LIU Haixia resigned as the Chairman of the Strategy Committee of the Company on 28 May 2020 and 20 November 2020 respectively.

The primary function of the Strategy Committee is to make recommendations to the Board on the long-term development strategies of the Company.

During the year, the Strategy Committee held one meeting.

Legal and Compliance Management Committee

The Legal and Compliance Management Committee has been established with effect from 27 January 2021 and the current members are Mr. ZHANG Fengyang (Chairman), an executive Director, Mr. REN Qigui, a non-executive Director, and Mr. CHAN Yin Tsung, an independent non-executive Director.

The primary function of the Legal and Compliance Management Committee is to further enhance the Company's capability of preventing and mitigating significant risks associated with the operation of the Company.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage as well as a key element in attaining its strategic objectives and sustainable development.

Pursuant to the Board Diversity Policy, the Remuneration and Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition and the nomination of directors, the Remuneration and Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience and term of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates are considered.

The Company considers the Board has a well-balanced cultural background, educational background, industry experience and professional experience. The Board has set measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Remuneration and Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Remuneration and Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process in the nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

- Candidate who is nominated as director should meet the relevant qualifications of director's appointment as stated in the Company Law of the People's Republic of China, Articles of Association of the Company and other applicable laws and regulations.

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Remuneration and Nomination Committee from time to time for nomination of directors and succession planning.

Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Remuneration and Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2020 is set out in the table below:

	Attendance/Number of Meetings during the term of office					
Name of Director	Board	Audit Committee	Remuneration and Nomination Committee ("RNC")	Strategic Committee	Annual General Meeting	Extraordinary General Meeting
WANG Bangyi	8/8	–	–	–	1/1	2/2
HUANG Xiang	8/8	3/3	5/5	–	1/1	2/2
ZHANG Fusheng (Note 1)	5/8 (Note 6)	–	2/5	–	1/1	0/2
CHAN Yin Tsung	8/8	3/3	–	–	1/1	2/2
HAN Xiaoping	8/8	–	5/5	–	1/1	2/2
AN Zhenyuan (Note 2)	3/3 (Note 6)	–	–	–	–	0/1
ZHANG Fengyang	8/8	–	–	1/1	1/1	2/2
LIU Haixia (Note 3)	7/8 (Note 7)	–	1/1	1/1	1/1	0/2
LI Juan	8/8 (Note 6)	3/3	–	–	1/1	1/2
ZHU Jun (Note 4)	2/3	–	1/1	1/1	0/1	–
CAO Mansheng	8/8	–	–	1/1	1/1	2/2
REN Qigui	8/8	–	–	–	1/1	2/2
XU Daping (Note 5)	1/1	–	1/1	–	–	–

Note 1: The Director was removed on 20 November 2020.

Note 2: The Director was appointed on 25 September 2020 and resigned on 20 November 2020.

Note 3: The Director ceased to be a member of RNC on 31 March 2020 and resigned on 20 November 2020.

Note 4: The Director ceased to be a member of RNC on 31 March 2020 and resigned on 28 May 2020.

Note 5: The Director was appointed on 20 November 2020.

Note 6: One of the meetings was attended by the alternate Director of the respective Director.

Note 7: Two of the meetings were attended by the alternate Director of the respective Director.

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements/Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 71 to 76.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

During the year ended 31 December 2020, the remuneration paid and payable to the international auditor and domestic auditor for audit services was RMB7,617,000 in aggregate, and non-audit services fees paid and payable to the auditors (including their respective member firms) was RMB1,545,000, which was for issuing letters in relation to the composite document issued by the Group.

COMPANY SECRETARY

Our Company Secretary, Mr. Kang Jian ("**Mr. Kang**"), is familiar with the day-to-day affairs of the Company. All Directors of the Company are entitled to obtain the advice and services from Mr. Kang to ensure their compliance with Board procedures and all applicable laws, rules and regulations.

For the year ended 31 December 2020, Mr. Kang has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels.

To safeguard Shareholders' interests and rights, separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors.

All resolutions put forward at Shareholders' meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each Shareholders' meeting.

Convening an Extraordinary General Meeting by Shareholders

Shareholders holding more than 10% of Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting.

Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board to convene an extraordinary general meeting or class meeting. Shares held by the above Shareholders shall be calculated as at the date of submitting the written request.

Putting Forward Proposals at General Meetings

When a general meeting is held by the Company, the Board, Board of Supervisors or Shareholders who individually or together holding more than 3% of the Shares of the Company may propose resolutions to the Company. Shareholders who individually or together holding more than 3% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Company's Articles of Association.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	7/8/9 Floor, No. 6 Xibahe Road Chaoyang District, Beijing, the PRC (For the attention of the Company Secretary)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, non-executive Directors, independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at general meetings to meet Shareholders and answer their enquiries.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website. Please refer to the announcement of the Company dated 19 February 2021 for details of the amendments to the Articles of Association.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the approval of general meeting. Such details have been disclosed in the annual report of the Company.

Deloitte. 德勤

TO THE SHAREHOLDERS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 77 to 213, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Recognition of government subsidies on clean energy production	
We identified the recognition of other income of government subsidies on clean energy production (the "Government Subsidies") in compliance with the requirements as prescribed by the relevant government policy as a key audit matter due to the significance to the Group's profit or loss. The other income related to the Government Subsidies represented approximately 14% of the Group's consolidated profit before taxation for the year ended 31 December 2020. Pursuant to the relevant government policy, the Government Subsidies will be released to profit or loss based on the actual volume of electricity sold by the Group's related gas power facilities (the "Electricity Production Data") and at the pre-determined subsidised rate. The pre-determined subsidised rate is calculated on a pricing formula set out by the Beijing Government. The parameters affecting the rate were approved by the relevant government authorities under the Beijing Government. The rate may vary from time to time which is in line with the change in natural gas price promulgated by the Beijing Government, due to that natural gas is the key material for the Group's gas power generation. The directors of the Company assessed whether the pricing formula had been appropriately applied in arriving at the pre-determined subsidised rate to calculate the amount of other income, i.e. calculating the effect of change of natural gas price incurred during the year. The Government Subsidies will be reviewed and confirmed by the Beijing Government in the following year. Details of the Government Subsidies are set out in Notes 8 and 38(a) to the consolidated financial statements.	Our procedures in relation to the Government Subsidies on clean energy production included: • Understanding and evaluating the key internal controls relevant to the audit on Recognition of government subsidies on clean energy production; • Obtaining and analyzing the relevant government policy documents in connection with the Government Subsidies to identify any change occurred during the year; • Testing the Electricity Production Data by agreeing with the evidence of external customer's acceptance, on a sample basis; • Verifying the accuracy of pre-determined subsidised rate by testing relevant parameters in the pricing formula by comparing with recent government authorities' circulars to corroborate any change occurred during the current year; • Recalculating the amount of the Government Subsidies for accuracy based on the pricing formula; and • Performing a retrospective review of the calculation of the 2019 Government Subsidies by obtaining the statements of the amount of 2019 Government Subsidies to be received by the Group which was issued by the Beijing Government in 2020.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment	
We identified goodwill impairment as a key audit matter due to the management's significant judgment in assessing the recoverable amounts of the relevant cash-generating units ("CGUs"). The recoverable amounts of the Group's goodwill are determined based on the value in use calculation of the CGUs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Details of goodwill and the related key estimation uncertainty are set out in Notes 20, 5 and 21 to the consolidated financial statements.	Our procedures in relation to the goodwill impairment assessment included: • Evaluating and corroborating the key inputs used in management's impairment assessment, including comparisons of profit margins and revenue growth rate with the CGU's historical performances, and investigating any material discrepancy; • Challenging the management's future cash flow forecast through a comparison of the underlying cash flows in the forecast with those in the budgets prepared by the management; and • Working with our internal valuation specialists to independently assess the valuation methodology and models, developing expectations in respect of the discount rate and comparing against those used by the management.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is K.W. Yim.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 March 2021

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Revenue	*6*	**17,003,306**	16,388,643
Other income	*8*	**797,393**	1,051,030
Gas consumption		**(8,804,303)**	(9,142,759)
Depreciation and amortization expense	*13*	**(2,811,261)**	(2,453,173)
Personnel costs	*13*	**(869,925)**	(852,220)
Repairs and maintenance		**(594,657)**	(624,293)
Other expenses	*9*	**(788,793)**	(733,492)
Other gains and losses	*10*	**(13,160)**	98,899
Impairment losses under expected credit loss model, net of reversal		**(1,510)**	(10,819)
Profit from operations		**3,917,090**	3,721,816
Interest income	*11*	**41,065**	53,802
Finance costs	*11*	**(1,150,847)**	(1,219,609)
Share of results of associates		**167,781**	119,283
Share of result of a joint venture		**(22,063)**	–
Profit before taxation		**2,953,026**	2,675,292
Income tax expense	*12*	**(557,041)**	(507,961)
Profit for the year	*13*	**2,395,985**	2,167,331
Profit for the year attributable to:			
– Equity holders of the Company		**2,303,390**	2,090,770
– Holders of perpetual notes	*43*	**31,950**	–
– Non-controlling interests		**60,645**	76,561
		2,395,985	2,167,331
Earnings per share			
Basic and diluted *(RMB cents)*	*16*	**27.94**	25.36

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**2,395,985**	2,167,331
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Fair value gain on equity instruments at fair value through other comprehensive income	**9,026**	6,072
Income tax relating to items that will not be reclassified to profit or loss	**3,851**	(1,518)
Share of other comprehensive expense of an associate, net of related income tax	**(4,666)**	–
	8,211	4,554
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**92,475**	(6,618)
Cash flow hedges:		
Gain during the year	**20,007**	13,103
Reclassification of reserves in relation with power purchase agreement	**9,013**	11,617
Income tax relating to items that may be reclassified subsequently to profit or loss	**(7,569)**	(5,227)
	113,926	12,875
Other comprehensive income for the year, net of income tax	**122,137**	17,429
Total comprehensive income for the year	**2,518,122**	2,184,760
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**2,425,527**	2,108,199
– Holders of Perpetual notes	**31,950**	–
– Non-controlling interests	**60,645**	76,561
	2,518,122	2,184,760

Consolidated Statement of Financial Position

AT 31 DECEMBER 2020

	Notes	At 31 December 2020 RMB'000	2019 RMB'000
Non-current Assets			
Property, plant and equipment	17	**43,187,213**	39,783,191
Right-of-use assets	18	**1,431,342**	1,060,884
Intangible assets	19	**4,410,754**	4,048,675
Goodwill	20	**190,049**	190,049
Investments in associates	22(a)	**3,518,508**	2,025,210
Loans to associates	22(b)	**117,000**	134,000
Investment in a joint venture	23(a)	**130,904**	152,967
Loans to a joint venture	23(b)	**70,000**	15,000
Deferred tax assets	24	**296,104**	326,603
Equity instruments at fair value through other comprehensive income	25	**66,911**	142,313
Value-added tax recoverable	29	**1,114,305**	910,507
Prepayments for acquisition of property, plant and equipment		**1,072,426**	689,652
Restricted bank deposits	31	**50,787**	55,645
Derivative financial asset	37	**–**	7,597
		55,656,303	49,542,293
Current Assets			
Inventories	26	**104,416**	106,485
Trade and bills receivables	27	**9,159,317**	4,897,922
Other receivables, deposits and prepayments	28	**463,778**	344,809
Current tax assets		**16,565**	10,639
Loans to a joint venture – current	23(b)	**–**	60,000
Amounts due from related parties	48(a)	**170,193**	60,371
Value-added tax recoverable	29	**469,666**	383,058
Financial asset at fair value through profit or loss	30	**196,043**	259,880
Restricted bank deposits	31	**4,577**	1,592
Cash and cash equivalents	32	**4,297,450**	4,056,110
		14,882,005	10,180,866

Consolidated Statement of Financial Position

AT 31 DECEMBER 2020

	Notes	At 31 December 2020 RMB'000	2019 RMB'000
Current Liabilities			
Trade and other payables	33	**5,058,989**	4,737,422
Amounts due to related parties	48(b)	**189,539**	138,243
Bank and other borrowings – due within one year	34	**12,318,322**	7,863,793
Short-term debentures	35	**7,060,658**	6,076,941
Medium-term notes	36	**96,656**	70,283
Corporate bonds	36	**26,128**	4,873
Contract liabilities		**56,380**	62,079
Lease liabilities	39	**64,659**	44,361
Derivative financial liabilities	37	**19,576**	8,707
Income tax payable		**125,381**	117,791
Deferred income	38	**228,336**	313,033
		25,244,624	19,437,526
Net Current Liabilities		**(10,362,619)**	(9,256,660)
Total Assets less Current Liabilities		**45,293,684**	40,285,633
Non-current Liabilities			
Derivative financial liabilities	37	**45,002**	62,382
Bank and other borrowings – due after one year	34	**10,896,268**	11,409,514
Medium-term notes	36	**4,488,679**	3,490,094
Corporate bonds	36	**1,999,284**	999,642
Contract liabilities		**12,440**	–
Deferred tax liabilities	24	**193,615**	196,110
Deferred income	38	**435,811**	485,258
Lease liabilities	39	**836,336**	543,039
Other non-current liability	40	**19,402**	24,285
		18,926,837	17,210,324
Net Assets		**26,366,847**	23,075,309
Capital and Reserves			
Share capital	41	**8,244,508**	8,244,508
Reserves		**16,249,142**	14,428,160
Equity attributable to equity holders of the Company		**24,493,650**	22,672,668
Perpetual notes	43	**1,525,582**	–
Non-controlling interests		**347,615**	402,641
Total Equity		**26,366,847**	23,075,309

The consolidated financial statements on pages 77 to 213 were approved and authorised for issue by the board of directors on 30 March 2021 and are signed on its behalf by:

ZHANG Fengyang
Director

CHEN Dayu
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to ordinary shareholders of the Company											
	Share capital RMB'000 (Note 41)	Capital reserve RMB'000 (Note 42)	Statutory surplus reserve RMB'000 (note(a))	Other reserves RMB'000 (note(b))	Fair value through other comprehensive income reserve RMB'000	Cash flow hedging reserve RMB'000	Currency translation differences RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual notes RMB'000 (Note 43)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	8,244,508	3,934,473	2,116,621	(67,138)	6,160	(84,171)	(178,799)	7,142,724	21,114,378	–	397,222	21,511,600
Profit for the year	–	–	–	–	–	–	–	2,090,770	2,090,770	–	76,561	2,167,331
Other comprehensive income (expense) for the year	–	–	–	–	4,554	19,493	(6,618)	–	17,429	–	–	17,429
Total comprehensive income (expense) for the year	–	–	–	–	4,554	19,493	(6,618)	2,090,770	2,108,199	–	76,561	2,184,760
Appropriation to statutory surplus reserve	–	–	169,799	–	–	–	–	(169,799)	–	–	–	–
Dividend declared	–	–	–	–	–	–	–	(549,909)	(549,909)	–	(71,142)	(621,051)
At 31 December 2019	8,244,508	3,934,473	2,286,420	(67,138)	10,714	(64,678)	(185,417)	8,513,786	22,672,668	–	402,641	23,075,309
At 1 January 2020	8,244,508	3,934,473	2,286,420	(67,138)	10,714	(64,678)	(185,417)	8,513,786	22,672,668	–	402,641	23,075,309
Profit for the year	–	–	–	–	–	–	–	2,303,390	2,303,390	31,950	60,645	2,395,985
Other comprehensive income for the year	–	–	–	–	12,877	21,451	92,475	–	126,803	–	–	126,803
Share of other comprehensive expense of an associate	–	–	–	–	(4,666)	–	–	–	(4,666)	–	–	(4,666)
Total comprehensive income for the year	–	–	–	–	8,211	21,451	92,475	2,303,390	2,425,527	31,950	60,645	2,518,122
Acquisition of non-controlling interests *(Note (c))*	–	–	–	(600)	–	–	–	–	(600)	–	(49,680)	(50,280)
Issuance of perpetual notes	–	–	–	–	–	–	–	–	–	1,500,000	–	1,500,000
Issuance cost	–	–	–	–	–	–	–	–	–	(6,368)	–	(6,368)
Appropriation to statutory surplus reserve	–	–	152,240	–	–	–	–	(152,240)	–	–	–	–
Dividend declared	–	–	–	–	–	–	–	(595,253)	(595,253)	–	(65,991)	(661,244)
Transfer of fair value reserve upon changing from equity investments at FVTOCI to long-term equity investments	–	–	–	–	(24,428)	–	–	24,428	–	–	–	–
Others	–	–	–	(8,692)	–	–	–	–	(8,692)	–	–	(8,692)
At 31 December 2020	8,244,508	3,934,473	2,438,660	(76,430)	(5,503)	(43,227)	(92,942)	10,094,111	24,493,650	1,525,582	347,615	26,366,847

Notes:

(a) According to the relevant requirement in the memorandum and articles of association of Beijing Jingneng Clean Energy Co., Limited and its subsidiaries (collectively referred to as the "Group"), a portion of their profits after taxation computed in accordance with the relevant accounting principles and financial regulations in the People's Republic of China will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to ordinary shareholders. Such statutory surplus reserve can be used to offset the previous years' losses, if any, or increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.

(b) Other reserves mainly represent: (i) the share of other comprehensive income of associates and a joint venture; (ii) the share of equity movement arising from an associate's equity transaction with its non-controlling interest.

(c) In March 2020, the Company acquired the remaining 40% equity interest of 京能(遷西)發電有限公司(Jingneng Qianxi Power Co., Ltd., English name for identification purpose) ("Qianxi Power") owned by Qingdao East Steel Tower Stock Co., Ltd., non-controlling shareholder of Qianxi Power, at a consideration of RMB 50,280,000. Upon the completion of the acquisition, Qianxi Power become wholly-owned subsidiary of the Company.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Operating activities		
Profit before taxation	**2,953,026**	2,675,292
Adjustments for:		
Depreciation and amortization expense	**2,811,261**	2,453,173
Change in fair value of financial asset at fair value through profit or loss	**50,844**	(26,990)
Impairment losses recognised on property, plant and equipment	**119,521**	–
Impairment losses, net of reversal	**1,510**	10,819
Dividend from equity instruments at fair value through other comprehensive income	**–**	(5,298)
Loss (gain) on disposal of property, plant and equipment	**14,633**	(1,190)
Loss on cash flow hedging instrument	**1,300**	26,651
Share of results of associates	**(167,781)**	(119,283)
Share of result of a joint venture	**22,063**	–
Interest income	**(41,065)**	(53,802)
Finance costs	**1,150,847**	1,219,609
Bargain purchase gain	**(151,051)**	(117,088)
Release of a contractual obligation	**(5,277)**	(5,379)
Deferred income released to profit or loss	**(478,890)**	(729,950)
Operating cash flows before movements in working capital	**6,280,941**	5,326,564
Movements in working capital:		
Decrease in inventories	**2,069**	9,346
(Increase) decrease in trade and bills receivables	**(3,882,556)**	456,132
(Increase) decrease in amounts due from related parties	**(116,222)**	96,477
Decrease in other receivables, deposits and prepayments and value-added tax recoverable	**503,313**	372,309
Decrease in trade and other payables	**(40,330)**	(1,321,663)
Increase in amounts due to related parties	**38,037**	24,903
Increase in deferred income	**341,711**	710,338
Increase (decrease) in contract liabilities	**6,741**	(26,485)
Cash generated from operations	**3,133,704**	5,647,921
Income tax paid	**(531,896)**	(549,248)
Net cash generated from operating activities	**2,601,808**	5,098,673

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Investing activities		
Interest received	**42,914**	51,522
Dividends received	**6,928**	50,219
Repayments of loans by associates	**134,000**	5,000
Repayments of loans by a joint venture	**75,000**	15,000
Amount advanced to associates	**(117,000)**	–
Amount advanced to a joint venture	**(70,000)**	(60,000)
Capital injection into an associate	**(1,222,000)**	–
Purchases of:		
– Property, plant and equipment	**(7,235,820)**	(4,335,897)
– Intangible assets	**(68,417)**	(59,277)
– Right-of-use assets	**(10,769)**	–
Cash outflow on acquisition of subsidiaries	**(142,952)**	(283,838)
Proceeds on disposal of property, plant and equipment	**34,224**	81,109
Withdrawal of restricted bank deposits	**4,959**	100,489
Placement of restricted bank deposits	**(3,086)**	(4,661)
Cash received from government grants	**3,035**	48,418
Net cash used in investing activities	**(8,568,984)**	(4,391,916)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Financing activities			
Acquisition of partial interest of a subsidiary		**(50,280)**	–
Interest paid		**(1,080,351)**	(1,189,788)
New bank and other borrowings raised		**12,272,425**	7,576,504
Repayments of bank and other borrowings		**(8,647,897)**	(8,725,240)
Proceeds from issuance of short-term debentures		**10,500,000**	8,000,000
Issuance cost for short-term debentures		**(11,338)**	(10,592)
Repayments of short-term debentures		**(9,500,000)**	(8,000,000)
Proceeds from issuance of medium-term notes		**1,000,000**	–
Issuance cost for medium-term notes		**(1,415)**	–
Proceeds from issuance of corporate bonds		**1,000,000**	1,000,000
Issuance cost for corporate bonds		**(358)**	(358)
Proceeds from issue of perpetual notes		**1,500,000**	–
Issuance cost of perpetual notes		**(6,368)**	–
Repayments of lease liabilities		**(49,321)**	(13,569)
Dividends paid to:			
– Ordinary shareholders of the Company		**(595,253)**	(549,909)
– Non-controlling interests		**(137,133)**	(136,462)
Net cash from (used in) financing activities		**6,192,711**	(2,049,414)
Net increase (decrease) in cash and cash equivalents		**225,535**	(1,342,657)
Cash and cash equivalents at the beginning of the year		**4,056,110**	5,420,937
Effect of foreign exchange rate changes		**15,805**	(22,170)
Cash and cash equivalents at the end of the year	*32*	**4,297,450**	4,056,110
Represented by:			
Cash and cash equivalents at the end of the year		**4,297,450**	4,056,110

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Beijing Jingneng Clean Energy Co., Limited (the "Company") is a joint stock company established in the People's Republic of China (the "PRC") with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the Company's registered office is Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC. The principal place of business of the Company is No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC.

In the opinion of the directors of the Company (the "Directors"), 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) ("BEH") is the Company's ultimate holding company (also the immediate parent company). BEH is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by 北京市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality).

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are gas-fired power and heat energy generation, wind power generation, photovoltaic power generation, hydropower generation and other businesses.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given careful consideration that at 31 December 2020, the Group has net current liabilities of RMB10,362,619,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2020, the Group has committed unutilised financing facilities granted to the Group amounting to approximately RMB29 billion of which approximately RMB17 billion are subject to renewal during the next 12 months from the date of the consolidated statement of financial position. The Directors are confident that these financing facilities will continue to be available to the Group for the foreseeable period not less than 12 months from the date of the consolidated statement of financial position. Based on the assessment, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	*Definition of Material*
Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*

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

3.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

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

The application of the amendments in the current year had no impact on the consolidated financial statements.

3.2 Impacts on application of Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the year of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The amendments had no impact on the consolidated financial statements of the Group as the Group's assessment of hedge effectiveness is not affected by the interest rate benchmark reform.

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendment to IFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to IFRS Standards	*Annual Improvements to IFRSs 2018-2020*[2]

Notes:

(1) Effective for annual periods beginning on or after 1 January 2023.

(2) Effective for annual periods beginning on or after 1 January 2022.

(3) Effective for annual periods beginning on or after a date to be determined.

(4) Effective for annual periods beginning on or after 1 June 2020.

(5) Effective for annual periods beginning on or after 1 January 2021.

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

3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(continued)*

New and amendments to IFRSs in issue but not yet effective *(continued)*

Amendments to IFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") instead of the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010);

- add a requirement that, for transactions and other events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

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

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards.

The Group's existing accounting policy is to account for sale proceeds on samples produced during testing as reduction of cost of the relevant property, plant and equipment. Upon application of the amendments, such sale proceeds and the related costs will be included in profit and loss with corresponding adjustments to the cost of property, plant and equipment. During the year ended 31 December 2020, sale proceeds and related costs included in property, plant and equipment amounted to RMB33,262,000 and RMB8,370,000 respectively.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Basis of preparation of consolidated financial statements *(continued)*

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Basis of consolidation (continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Business combinations

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Business combinations (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Business combinations (continued)

Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described blow.

Investments in associates and a joint venture

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

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Investments in associates and a joint venture (continued)

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Investments in associates and a joint venture (continued)

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

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Revenue from contracts with customers (continued)

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation:

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Leases (continued)

The Group as a lessee (continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of the underlying assets that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases is recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- amounts expected to be payable by the Group under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange prevailing rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation differences on translating foreign operations (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes under the state-managed retirement benefits schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate and tax laws that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Taxation (continued)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods or services, or for administrative purposes other than other than freehold lands and properties under construction as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than property, plant and equipment under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Property, plant and equipment (continued)

Ownership interests in leasehold land and building (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

The Group recognises an intangible asset arising from the wind farm concession arrangement when it has a right to receive the income for the usage of the concession infrastructure. Intangible assets recognised as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets (or a cash-generating unit) for which the estimated future cash flows have not been adjusted.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* ("IFRS 3") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bills receivables, other receivables, deposits, amount due from related parties, bank balances, restricted bank deposits, loans to associates and loans to a joint venture) which are subject to impairment assessment under IFRS 9, The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets *(continued)*

(i) Significant increase in credit risk *(continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets ***(continued)***

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets ***(continued)***

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, other receivables and deposits and amounts due from related parties, where the corresponding adjustment is recognised through a loss allowance account.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCL, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related parties, bank and other borrowings, medium-term notes, corporate bonds and short-term debentures are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Hedge accounting (continued)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative changes in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in equity (cash flow hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.2 Significant accounting policies *(continued)*

Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Useful lives of property, plant and equipment

The Group's management determines the useful lives and related depreciation expenses for its property, plant and equipment, after taking into account of the estimated residual value. This estimate is based on historical experience on the projected wear and tear incurred during power generation. It might change significantly as a result of technical innovations. The depreciation expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2020, the carrying amounts of property, plant and equipment are set out in Note 17.

Useful lives of concession rights and operation rights

The Group's management determines the useful lives and related amortization expenses for its wind farm concession rights and wind or hydropower operation rights. This estimate is based on corresponding legal or contractual arrangements, projected profitability, and current legal and economic environment. It might be significantly affected by factors that include but not limited to the changes in the legal and regulatory framework, economic environment, technical innovation, etc. The amortization expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2020, the carrying amounts of wind farm concession rights and wind or hydropower operation rights are set out in Note 19.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2020 is set out in Note 20.

Impairment of trade receivables

The Group assesses impairment of trade receivables based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 50.

Fair value measurements on acquisition of four photovoltaic companies (the "Targets")

As set out in Note 44, the Group was required to determine the fair value of identifiable assets acquired and liabilities assumed in the acquisition of the Targets in accordance with IFRS 3 on respective acquisition dates. The determination of the fair value of intangible assets acquired in the acquisition of the Targets requires judgement by management in establishing the valuation techniques and determining the relevant inputs. Changes in the assumptions relating to these factors might affect the reported bargain purchase gain recognised in profit or loss in the current year.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020					
	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods and services						
Sales of electricity	10,182,873	2,314,207	2,145,343	395,279	–	15,037,702
Sales of heat energy	1,963,288	–	–	–	–	1,963,288
Repairs and maintenance and other services	–	–	–	–	2,316	2,316
Timing of revenue recognition						
A point in time	12,146,161	2,314,207	2,145,343	395,279	–	17,000,990
Over time	–	–	–	–	2,316	2,316
Geographical market						
Mainland China	12,146,161	2,192,289	2,140,814	395,279	2,316	16,876,859
Overseas	–	121,918	4,529	–	–	126,447
Revenue from contracts with customers	12,146,161	2,314,207	2,145,343	395,279	2,316	17,003,306

6. REVENUE *(continued)*

(i) Disaggregation of revenue from contracts with customers *(continued)*

	For the year ended 31 December 2019					
	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods and services						
Sales of electricity	10,617,359	1,996,032	1,604,606	366,399	–	14,584,396
Sales of heat energy	1,802,599	–	–	–	–	1,802,599
Repairs and maintenance and other services	–	–	–	–	1,648	1,648
Timing of revenue recognition						
A point in time	12,419,958	1,996,032	1,604,606	366,399	–	16,386,995
Over time	–	–	–	–	1,648	1,648
Geographical market						
Mainland China	12,419,958	1,865,428	1,604,606	366,399	1,648	16,258,039
Overseas	–	130,604	–	–	–	130,604
Revenue from contracts with customers	12,419,958	1,996,032	1,604,606	366,399	1,648	16,388,643

6. REVENUE *(continued)*

(ii) Performance obligations for contracts with customers

Majority of the sales of electricity to provincial power grid companies are pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies. The Group's sales of electricity are made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.

Sales of heat energy to customers are pursuant to the heat energy purchase agreements entered into between the Group and the customers. The Group's sales of heat energy are made to the customers at the tariff rates approved by the Beijing Municipal Commission of Development and Reform.

For sales of electricity and heat energy, revenue is recognised when control of electricity and heat has been transferred, being when electricity and heat is supplied to the power grid companies and the customers. The normal credit term is 60 days upon electricity and heat is supplied. There is no significant financing component among the payment terms of sales of electricity and heat.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019 and the expected timing of recognising revenue are within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

The Group manages its businesses by divisions, such as performing the monthly revenue analysis by segments which are organised by types of business. Information is reported internally to the Group's chief operating decision maker ("CODM"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment. The Group has presented the following operating and reportable segments.

– Gas-fired power and heat energy generation: managing and operating natural gas-fired power plants and generating electric power and heat energy for sale to external customers.

– Wind power: constructing, managing and operating wind power plants and generating electric power for sale to external customers.

– Photovoltaic power: constructing, managing and operating photovoltaic power plants and sales of electricity generated to external customers.

– Hydropower: managing and operating hydropower plants and sales of electricity generated to external customers.

Operating segments of business activities other than "Gas-fired power and heat energy generation", "Wind power", "Photovoltaic power" and "Hydropower" did not meet the quantitative thresholds for reportable segments in both current and prior year. Accordingly, these are grouped and presented as "Others" in the segment information.

7. SEGMENT INFORMATION *(continued)*

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, results, assets and liabilities for the years ended 31 December 2020 and 2019 by operating and reportable segment is as follows:

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020						
Reportable segment revenue from external customers/consolidated revenue	12,146,161	2,314,207	2,145,343	395,279	2,316	17,003,306
Reportable segment results *(note (i))*	1,769,612	1,201,021	1,124,081	59,211	(220,629)	3,933,296
Reportable segment assets	14,228,337	25,533,743	21,806,751	2,655,860	26,767,756	90,992,447
Reportable segment liabilities	(7,315,937)	(17,365,587)	(16,202,380)	(2,130,946)	(25,474,975)	(68,489,825)
Additional segment information:						
Depreciation	870,622	814,820	742,905	107,859	3,849	2,540,055
Amortization	9,590	207,931	27,666	25,517	502	271,206
Finance costs *(note (ii))*	108,207	376,814	381,689	54,986	229,151	1,150,847
Other income	530,280	241,223	11,126	2,131	12,633	797,393
Including:						
– Government subsidies related to clean energy production	403,025	23,383	–	–	–	426,408
– Government grants related to construction of assets	41,836	2,632	6,961	1,053	–	52,482
– Income from carbon credits	6,088	123,411	3,239	–	–	132,738
– Others	79,331	91,797	926	1,078	12,633	185,765
Expenditures for reportable segment non-current assets	345,244	3,696,412	2,972,708	34,886	5,034	7,054,284

7. SEGMENT INFORMATION *(continued)*

(a) Segment revenue, results, assets and liabilities *(continued)*

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2019						
Reportable segment revenue from external customers/consolidated revenue	12,419,958	1,996,032	1,604,606	366,399	1,648	16,388,643
Reportable segment results *(note (i))*	1,909,735	912,540	905,258	110,717	(121,732)	3,716,518
Reportable segment assets	14,874,157	20,741,946	16,733,344	2,994,401	26,010,626	81,354,474
Reportable segment liabilities	(8,160,872)	(13,853,913)	(12,859,926)	(2,010,073)	(23,936,573)	(60,821,357)
Additional segment information:						
Depreciation	867,722	698,126	541,724	106,886	1,882	2,216,340
Amortization	9,712	200,774	936	24,891	520	236,833
Finance costs *(note (ii))*	115,127	397,880	290,924	73,941	341,737	1,219,609
Other income	785,222	239,292	6,792	1,445	12,981	1,045,732
Including:						
– Government subsidies related to clean energy production	680,616	21,349	–	–	–	701,965
– Government grants related to construction of assets	17,495	5,006	4,590	894	–	27,985
– Income from carbon credits	761	130,313	–	–	–	131,074
– Others	86,350	82,624	2,202	551	12,981	184,708
Expenditures for reportable segment non-current assets	694,651	1,213,051	5,750,579	46,036	4,384	7,708,701

Notes:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization expense, personnel costs, repairs and maintenance, other expenses, other gains and losses and impairment losses and including other income (excluding dividend from equity instruments at FVTOCI) before inter-segment elimination.

(ii) Finance costs have been allocated among the segments for the additional information to the CODM, but are not considered to arrive at the segment results. It represents amounts regularly provided to the CODM but not included in the measurement of segment profit or loss. However, the relevant borrowings have been allocated to arrive at the segment liabilities.

7. SEGMENT INFORMATION *(continued)*

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Results		
Reportable segment profit	**3,933,296**	3,716,518
Inter-segment elimination	**(16,206)**	–
Unallocated		
Dividend income from equity instruments at FVTOCI	**–**	5,298
Profit from operations	**3,917,090**	3,721,816
Interest income	**41,065**	53,802
Finance costs	**(1,150,847)**	(1,219,609)
Share of results of associates	**167,781**	119,283
Share of result of a joint venture	**(22,063)**	–
Consolidated profit before taxation	**2,953,026**	2,675,292

7. SEGMENT INFORMATION *(continued)*

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements *(continued)*

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**90,992,447**	81,354,474
Inter-segment elimination	**(26,237,537)**	(25,780,973)
Unallocated assets:		
– Investments in associates	**3,518,508**	2,025,210
– Loans to associates	**117,000**	134,000
– Investment in a joint venture	**130,904**	152,967
– Loans to a joint venture	**70,000**	75,000
– Deferred tax assets	**296,104**	326,603
– Equity instruments at FVTOCI	**66,911**	142,313
Different presentation on:		
– Value-added tax recoverable *(note)*	**1,583,971**	1,293,565
Consolidated total assets	**70,538,308**	59,723,159
Liabilities		
Reportable segment liabilities	**68,489,825**	60,821,357
Inter-segment elimination	**(26,221,331)**	(25,780,973)
Unallocated liabilities:		
– Income tax payable	**125,381**	117,791
– Deferred tax liabilities	**193,615**	196,110
Different presentation on:		
– Value-added tax recoverable *(note)*	**1,583,971**	1,293,565
Consolidated total liabilities	**44,171,461**	36,647,850

Note: Value-added tax recoverable was net-off with value-added tax payables and included in reportable segment liabilities for reporting to CODM, and they are reclassified and presented as assets in the consolidated statement of financial position.

All assets are allocated to reportable segments, other than equity instruments at FVTOCI, investments in associates and a joint venture, loans to associates and a joint venture, value-added tax recoverable and deferred tax assets; all liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities.

7. SEGMENT INFORMATION *(continued)*

(c) Geographical information

Over 90% of the Group's revenue is generated from customers in the PRC for both years, and over 90% of the Group's non-current assets (not including deferred tax assets and financial assets) are located in the PRC as at 31 December 2020 and 2019. Therefore no geographical segment information is presented.

(d) Information of major customers

Revenue of approximately RMB16,698,945,000 for the year ended 31 December 2020 (2019: RMB16,101,228,000) were derived from two external customers, the PRC government controlled power grid companies and Beijing District Heating (Group) Co., Ltd., which contributed 87% and 11% (2019: 88% and 10%) to the total revenue respectively.

Sales of electricity and heat energy to the major customers for current and prior years by segments are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue from the PRC government controlled power grid companies:		
Gas-fired power and heat energy generation	**10,182,873**	10,617,359
Wind power	**2,192,289**	1,865,428
Photovoltaic power	**2,140,814**	1,604,606
Hydropower	**337,934**	327,169
	14,853,910	14,414,562
Revenue from Beijing District Heating (Group) Co., Ltd.:		
Gas-fired power and heat energy generation	**1,845,035**	1,686,666
Total	**16,698,945**	16,101,228

8. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production *(Note 38)*	**426,408**	701,965
– Construction of assets *(Note 38)*	**52,482**	27,985
Income from carbon credits *(note (a))*	**132,738**	131,074
Value-added tax refunds or exemptions *(note (b))*	**137,861**	105,327
Dividend from equity instruments at FVTOCI	**–**	5,298
Others	**47,904**	79,381
	797,393	1,051,030

Notes:

(a) Income from carbon credits was mainly derived from the sales of carbon credits registered under relevant regulated exchange system in Australia and the PRC.

(b) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms, and a full exemption of value-added tax for its revenue from the sale of heat energy to residential customers. The income of the value-added tax refund or exemption is recognised when relevant value-added tax refund or exemption application is registered with the relevant PRC tax authorities.

9. OTHER EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other expenses comprise:		
Property management fees, and other service fee paid to intermediaries	**399,734**	372,097
Utilities, insurance, office, travelling, and transportation expenses	**193,112**	213,687
Expenses relating to short-term leases and other leases with terms expiring within 12 months upon initial application of IFRS 16	**59,824**	46,987
Others	**136,123**	100,721
	788,793	733,492

10. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other gains and losses comprise:		
(Loss) gain on disposal of property, plant and equipment	**(14,633)**	1,190
Net exchange loss	**(3,381)**	(3,059)
(Loss) gain arising on change in fair value of financial asset at FVTPL *(Note 30)*	**(50,844)**	26,990
Fair value loss of fixed forward commodity contract recognised in profit or loss *(Note 37(b))*	**(1,300)**	(26,651)
Bargain purchase gain *(Note 44)*	**151,051**	117,088
Impairment losses recognised on property, plant and equipment	**(119,521)**	–
Others	**25,468**	(16,659)
	(13,160)	98,899

11. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest income from:		
– Loans to associates	**5,364**	6,245
– Loans to a joint venture	**4,150**	2,988
– Deposits with a related non-bank financial institution *(note)*	**19,027**	21,097
– Bank balances and deposits	**12,524**	23,472
Total interest income	**41,065**	53,802
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	**1,265,282**	1,298,820
Interest on lease liabilities	**27,927**	12,694
Less: Amount capitalised in property, plant and equipment	**(142,362)**	(91,905)
Total finance costs	**1,150,847**	1,219,609

	Year ended 31 December	
	2020	2019
Capitalization rate of borrowing costs to expenditure on qualifying assets	**4.35%**	4.41%

Note: A related non-bank financial institution refers to 京能集團財務有限公司 (BEH Finance Co, Ltd., English name for identification purpose) ("BEH Finance") which is a subsidiary of BEH.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**521,827**	532,152
Other jurisdictions	**11,484**	10,748
	533,311	542,900
Deferred tax:		
Current year	**23,730**	(34,939)
Income tax expense	**557,041**	507,961

PRC Enterprise Income Tax has been generally provided at the applicable Enterprise Income Tax rate of 25% (2019: 25%) on the estimated assessable profits of the group entities established in the PRC for the year ended 31 December 2020.

Under the PRC Enterprise Income Tax law, the preferential tax treatment for encouraged enterprises located in the western PRC and certain industry-oriented tax incentives remain available up to 31 December 2030 when the original preferential tax period expired. Under the enterprise income tax law, the enterprises in encouraged industries in Western China are eligible for a preferential enterprise income tax rate for the period from 1 January 2021 to 31 December 2030. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a three-year tax exemption and a three-year 50% deduction on the PRC Enterprise Income Tax for taxable income commencing from the first year, when relevant projects start to generate revenue. Certain of the Group's wind farm projects, photovoltaic projects and hydropower power projects were entitled to this tax concession for the years ended 31 December 2020 and 2019.

An operating subsidiary of the Company 北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose) ("Weilai Gas") was qualified as High and New Technology Enterprise since 2015 and is entitled to a preferential income tax rate of 15%. The qualification of High and New Technology Enterprise is subject to review once every three years and the subsidiary continued to be recognised as High and New Technology Enterprise for the year ended 31 December 2020.

Under the two-tiered profits tax rates regime in Hong Kong, the first Hong Kong dollars ("HK$") 2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of relevant group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

12. INCOME TAX EXPENSE *(continued)*

No provision for Hong Kong Profit Tax has been made as the Group has no assessable profit derived in Hong Kong.

Australian income tax is calculated at 30% (2019: 30%) of the estimated assessable profit.

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit before taxation	**2,953,026**	2,675,292
PRC Enterprise Income Tax at 25% (2019: 25%)	**738,257**	668,823
Tax effect on:		
– Expenses not deductible for tax purposes	**45,526**	26,051
– Share of results of associates and a joint venture	**(36,429)**	(29,821)
– Tax losses not recognised	**63,876**	67,464
– Temporary differences not recognised	**29,880**	–
– Utilization of tax losses not recognised previously	**(2,917)**	(2,478)
– PRC Enterprise Income Tax exemption and concessions	**(283,684)**	(223,824)
Effect of different tax rates of group entities operating in jurisdictions other than PRC	**2,532**	1,746
	557,041	507,961

13. PROFIT FOR THE YEAR

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**9,162**	8,463
Expense relating to short-term leases	**59,824**	46,987
Depreciation and amortization:		
Depreciation of property, plant and equipment	**2,486,418**	2,194,651
Depreciation of right-of-use assets	**60,126**	29,736
Amortization of intangible assets	**271,206**	236,833
Less: Amount capitalised to construction in progress	**(6,489)**	(8,047)
Total depreciation and amortization	**2,811,261**	2,453,173
Personnel costs:		
Directors' emoluments *(Note 14)*	**3,691**	3,315
Other personnel costs	**866,234**	848,905
Total personnel costs	**869,925**	852,220

14. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The emoluments paid or payable to each of the Directors, including chief executive, and the supervisors by the Group for the current and prior years are as follows:

Year ended 31 December 2020

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (Note)	Retirement benefit contributions RMB'000	Total RMB'000
Executive Directors:					
Mr. ZHANG Fengyang	–	371	853	3	1,227
Mr. CAO Mansheng	–	311	773	3	1,087
Mr. AN Zhenyuan (appointed on 25 September 2020, resigned on 20 November 2020)	–	106	70	–	176
Mr. ZHU Jun (resigned on 28 May 2020)	–	101	597	3	701
	–	889	2,293	9	3,191
Non-executive Directors:					
Ms. LI Juan	–	–	–	–	–
Mr. REN Qigui	–	–	–	–	–
Mr. WANG Bangyi	–	–	–	–	–
Mr. LIU Haixia (resigned on 20 November 2020)	–	–	–	–	–
	–	–	–	–	–
Independent Non-executive Directors:					
Mr. HUANG Xiang	150	–	–	–	150
Mr. CHAN Yin Tsung	150	–	–	–	150
Mr. HAN Xiaoping	100	–	–	–	100
Mr. XU Daping (appointed on 20 November 2020)	17	–	–	–	17
Mr. ZHANG Fusheng (removed on 20 November 2020)	83	–	–	–	83
	500	–	–	–	500

14. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

	Directors' fees *RMB'000*	Basic salaries and allowances *RMB'000*	Discretionary bonus *RMB'000* *(Note)*	Retirement benefit contributions *RMB'000*	Total *RMB'000*
Supervisors:					
Mr. WANG Xiangneng	–	–	–	–	–
Mr. YANG Huixian (appointed on 28 May 2020)	–	311	737	3	1,051
Mr. SUN Li (appointed on 25 September 2020)	–	–	–	–	–
Ms. HUANG Linwei (resigned on 28 May 2020)	–	–	–	–	–
Mr. HUANG Hui (resigned on 25 September 2020)	–	–	–	–	–
	–	311	737	3	1,051
	500	1,200	3,030	12	4,742

14. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

Year ended 31 December 2019

	Directors' fees *RMB'000*	Basic salaries and allowances *RMB'000*	Discretionary bonus *RMB'000* *(Note)*	Retirement benefit contributions *RMB'000*	Total *RMB'000*
Executive Directors:					
Mr. ZHANG Fengyang	–	376	661	50	1,087
Mr. ZHU Jun (appointed on 20 June 2019)	–	316	487	50	853
Mr. CAO Mansheng (appointed on 20 June 2019)	–	316	509	50	875
	–	1,008	1,657	150	2,815
Non-executive Directors:					
Mr. LIU Haixia	–	–	–	–	–
Ms. LI Juan	–	–	–	–	–
Mr. REN Qigui (appointed on 20 June 2019)	–	–	–	–	–
Mr. WANG Bangyi (appointed on 20 June 2019)	–	–	–	–	–
Mr. ZHAO Wei (resigned on 30 January 2019)	–	–	–	–	–
Mr. JIN Shengxiang (resigned on 20 June 2019)	–	–	–	–	–
Mr. TANG Xinbing (resigned on 20 June 2019)	–	–	–	–	–
	–	–	–	–	–

14. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

	Directors' fees *RMB'000*	Basic salaries and allowances *RMB'000*	Discretionary bonus *RMB'000* *(Note)*	Retirement benefit contributions *RMB'000*	Total *RMB'000*
Independent Non-executive Directors:					
Mr. HUANG Xiang	150	–	–	–	150
Mr. CHAN Yin Tsung	150	–	–	–	150
Mr. ZHANG Fusheng	100	–	–	–	100
Mr. HAN Xiaoping	100	–	–	–	100
	500	–	–	–	500
Supervisors:					
Ms. HUANG Linwei	–	249	323	50	622
Mr. WANG Xiangneng (appointed on 20 June 2019)	–	–	–	–	–
Mr. HUANG Hui (appointed on 20 June 2019)	–	–	–	–	–
Mr. LI Xun (resigned on 20 June 2019)	–	–	–	–	–
Mr. LIU Jiakai (resigned on 20 June 2019)	–	–	–	–	–
	–	249	323	50	622
	500	1,257	1,980	200	3,937

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

14. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS *(continued)*

Mr. Zhang Fengyang is the chief executive of the Company since 13 February 2018. His emoluments disclosed above include those for services rendered by him as the chief executive.

During the year, the Directors' emoluments were RMB3,691,000 (2019: RMB3,315,000). Also, all non-executive Directors did not receive any remuneration from the Company and the Group for their services provided to the Company and the Group during both years. They were also management of BEH and their remunerations were paid by BEH over the respective years. Given the amounts of emoluments paid by BEH to them are considered to be not material compared with the revenue and profits of the Group, BEH did not allocate any of their remuneration to the Group.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2019: one) Directors whose emoluments are reflected in the analysis shown above. Details of the remuneration for the year of the remaining three (2019: four) highest paid individuals who are not Directors are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries and allowances	**932**	1,520
Discretionary bonus *(Note)*	**2,240**	1,867
Retirement benefit contributions	**9**	200
	3,181	3,587

The remuneration of each of the remaining three (2019: four) highest paid individuals in the Group who are not the Directors of the Company for the both years fell within the band of HK$1,000,001 to HK$1,500,000.

Note: The discretionary bonus is determined by the remuneration committee of the Company in accordance with the relevant human resources policies.

During the year, no emoluments were paid by the Group to the Directors, chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices. None of the Directors waived any emoluments during both years.

15. DIVIDENDS

(a) A final dividend of RMB7.22 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2019 amounting to RMB595,253,000 was approved in the Company's annual general meeting held on 28 May 2020 and subsequently paid on 28 July 2020.

(b) A final dividend of RMB6.67 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2018 amounting to RMB549,909,000 was approved in the Company's annual general meeting held on 20 June 2019 and subsequently paid on 1 August 2019.

(c) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB6.88 cents per ordinary share (tax inclusive), totaling RMB567,222,000 has been proposed by the Board of Directors and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

16. EARNINGS PER SHARE

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	**2,303,390**	2,090,770

	Year ended 31 December	
	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,244,508**	8,244,508

Diluted earnings per share are presented as the same as the basic earnings per share as there were no potential ordinary shares in issue during both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2019 (restated)	8,371,648	34,949,441	94,659	103,378	3,118,955	46,638,081
Additions	11,330	477,795	2,937	8,157	3,680,456	4,180,675
Adjustments *(note (b))*	6,712	(3,702)	544	1,181	–	4,735
Transfer	45,993	2,206,265	–	2,093	(2,254,351)	–
Acquired on acquisition of subsidiaries *(Note 44)*	30,470	2,418,498	10	35	523,127	2,972,140
Disposals	(45)	(350,141)	(7,082)	(3,380)	–	(360,648)
Effect of foreign currency exchange differences	42	22,504	6	5	–	22,557
At 31 December 2019	8,466,150	39,720,660	91,074	111,469	5,068,187	53,457,540
At 1 January 2020	**8,466,150**	**39,720,660**	**91,074**	**111,469**	**5,068,187**	**53,457,540**
Additions	**3,560**	**99,091**	**5,164**	**10,217**	**4,573,665**	**4,691,697**
Adjustments *(note (b))*	**56,014**	**(72,723)**	**328**	**8**	**–**	**(16,373)**
Transfer	**200,681**	**4,273,369**	**–**	**3,433**	**(4,477,483)**	**–**
Acquired on acquisition of subsidiaries *(Note 44)*	**64,454**	**1,265,098**	**167**	**1,697**	**15,112**	**1,346,528**
Disposals	**(1,333)**	**(127,700)**	**(5,439)**	**(4,467)**	**–**	**(138,939)**
Effect of foreign currency exchange differences	**94**	**51,026**	**14**	**12**	**–**	**51,146**
At 31 December 2020	**8,789,620**	**45,208,821**	**91,308**	**122,369**	**5,179,481**	**59,391,599**

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Land and buildings *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	1,447,429	10,174,471	66,395	67,127	–	11,755,422
Depreciation provided for the year	258,751	1,919,144	6,435	10,321	–	2,194,651
Eliminated on disposals	(2)	(270,987)	(6,552)	(3,188)	–	(280,729)
Effect of foreign currency exchange differences	–	4,997	4	4	–	5,005
At 31 December 2019	**1,706,178**	**11,827,625**	**66,282**	**74,264**	**–**	**13,674,349**
Depreciation provided for the year	**272,308**	**2,195,921**	**5,554**	**12,635**	**–**	**2,486,418**
Impairment loss recognised in profit or loss *(note (e))*	**100,397**	**19,124**	**–**	**–**	**–**	**119,521**
Eliminated on disposals	**(81)**	**(83,488)**	**(4,226)**	**(2,287)**	**–**	**(90,082)**
Effect of foreign currency exchange differences	**–**	**14,161**	**11**	**8**	**–**	**14,180**
At 31 December 2020	**2,078,802**	**13,973,343**	**67,621**	**84,620**	**–**	**16,204,386**
CARRYING VALUES						
At 31 December 2020	**6,710,818**	**31,235,478**	**23,687**	**37,749**	**5,179,481**	**43,187,213**
At 31 December 2019	6,759,972	27,893,035	24,792	37,205	5,068,187	39,783,191

Notes:

(a) The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method, after taking into account of their residual values, at the following rates per annum.

Land and Buildings	2.11% to 4.75%
Generators and related equipment	3.17% to 7.92%
Motor vehicles	9.50% to 18.83%
Office equipment	11.00% to 19.00%

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Notes: (continued)

(b) The Directors estimate the final construction cost of certain assets when the assets are ready for use and transferred from construction in progress to respective categories of property, plant and equipment. Adjustments on the final cost will be made in the subsequent periods when the construction cost is finalised with the contractors.

(c) The Group was in the process of applying for the title certificates of certain buildings with an aggregate net book value of RMB1,341,800,000 as at 31 December 2020 (2019: RMB1,365,500,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's consolidated financial position as at 31 December 2020.

(d) Certain property, plant and equipment with an aggregate carrying amount of RMB2,353,117,000 as at 31 December 2020 (2019: RMB1,062,615,000) are pledged to secure bank borrowings of the Group.

(e) During the year ended 31 December 2020, the Group recognised impairment losses amounting to RMB119,521,000 on the Generators and related equipment attribute to 黑水縣三聯水電開發有限責任公司 (Heishui County Sanlian HydroPower Development Co., Ltd., English name for identification purpose) ("Heishui HydroPower"), and the related CGU is within the Hydropower power segment of the Group. The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 9.35% as at 31 December 2020. The cash flows beyond the five-year period are extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation relate to the estimated generating capacity and price of electricity.

18. RIGHT-OF-USE ASSETS

	Leasehold lands *RMB'000*
As at 31 December 2020 Carrying amount	**1,431,342**
As at 31 December 2019 Carrying amount	1,060,884
For the year ended 31 December 2020 Depreciation charge	**60,126**
For the year ended 31 December 2019 Depreciation charge	29,736

18. RIGHT-OF-USE ASSETS *(continued)*

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16	**59,824**	46,987
Additions to right-of-use assets *(note)*	**321,692**	291,899
Acquisition of subsidiaries *(Note 44)*	**108,892**	262,049
Total cash outflow for leases	**116,472**	74,095

Note: The additions to right-of-use assets arise from the new contracts signed in the current year.

The Group leases lands for its operations. Lease contracts are entered into for fixed term of 3 to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The short-term leases for lands are regularly entered into by the Group, and the outstanding lease commitments relating to these lands is RMB42,799,000 as at 31 December 2020 (2019: RMB38,095,000).

19. INTANGIBLE ASSETS

	Concession rights RMB'000 (note (b))	Operation rights RMB'000 (note (c))	Software RMB'000	Total RMB'000
COST				
At 1 January 2019	4,022,154	1,305,014	175,921	5,503,089
Additions	–	–	59,277	59,277
Acquired on acquisition of subsidiaries *(Note 44)*	–	636,956	–	636,956
At 31 December 2019	**4,022,154**	**1,941,970**	**235,198**	**6,199,322**
Additions	**–**	**–**	**68,417**	**68,417**
Acquired on acquisition of subsidiaries *(Note 44)*	**–**	**564,773**	**95**	**564,868**
At 31 December 2020	**4,022,154**	**2,506,743**	**303,710**	**6,832,607**
AMORTIZATION				
At 1 January 2019	1,670,620	192,780	50,414	1,913,814
Provided for the year	164,411	54,169	18,253	236,833
At 31 December 2019	**1,835,031**	**246,949**	**68,667**	**2,150,647**
Provided for the year	**164,411**	**87,610**	**19,185**	**271,206**
At 31 December 2020	**1,999,442**	**334,559**	**87,852**	**2,421,853**
CARRYING VALUES				
At 31 December 2020	**2,022,712**	**2,172,184**	**215,858**	**4,410,754**
At 31 December 2019	2,187,123	1,695,021	166,531	4,048,675

19. INTANGIBLE ASSETS *(continued)*

Notes:

(a) Intangible assets have finite useful lives and are amortised on a straight-line basis over the following rates per annum:

Concession rights	4% to 5%
Operation rights	2% to 10%
Software	10% to 50%

(b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognises the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights are amortised according to the respective beneficial periods.

(c) Operation rights with finite useful lives represent governmental permits or contractual arrangements which grant the operators to construct and operate power facilities. Those operation rights are obtained through business acquisition and amortised on straight-line basis according to the estimated beneficial periods of such facilities.

20. GOODWILL

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost and carrying amount		
Hydropower operation in Sichuan province, the PRC	**124,194**	124,194
Wind power operation in Australia	**65,855**	65,855
	190,049	190,049

Goodwill of the Group arises from the acquisition of 四川大川電力有限公司 (Sichuan Dachuan Power Co., Ltd., English name for identification purpose) ("Sichuan Dachuan"), 四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification purpose) ("Sichuan Zhongneng") and New Gullen Range Wind Farm (Holding) Pty Ltd. ("New GRWF Holding").

21. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 20 has been allocated to two CGUs: (i) one comprising two subsidiaries in the hydropower segment, namely, Sichuan Dachuan and Sichuan Zhongneng; and (ii) New GRWF Holding in the wind power segment.

During the years ended 31 December 2020 and 2019, the management of the Group determines that there is no impairment of any of its CGUs containing goodwill.

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

The recoverable amounts of these units have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and discount rate of 9.25% for hydropower CGU and 7.00% for wind power CGU (2019: 10.14% for hydropower CGU and 7.00% for wind power CGU). The CGUs' cash flows beyond the five-year period are extrapolated using a 3.00% growth rate for hydropower CGU and a 2.50% growth rate for wind power CGU. These growth rates are based on the relevant industry growth forecasts and do not exceed the average long-term growth rates for the relevant industries. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGUs' past performance and management's expectations for the market development.

The management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of these CGUs to exceed the aggregate recoverable amount of these CGUs.

22. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES

(a) Investments in associates

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Unlisted equity investments, at cost	**2,166,556**	827,681
Share of post-acquisition profits and other comprehensive income, net of dividend declared	**1,360,644**	1,197,529
Others	**(8,692)**	–
	3,518,508	2,025,210

22. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(continued)*

(a) Investments in associates *(continued)*

The associates of the Group were established and operated in the PRC. The details of associates of the Group as at 31 December 2020 and 2019 are set out below:

Name of associate	Paid up registered capital	Equity interest attributable to the Group At 31 December		Proportion of voting rights held by the Group At 31December		Principal activities
		2020	2019	**2020**	2019	
北京京能國際能源股份有限公司 (Beijing Jingneng International Energy Co., Ltd)* ("Jingneng International")	RMB3,400,000,000	**20%**	20%	**20%**	20%	Electric power and energy construction, investment management
BEH Finance *(note)*	RMB5,000,000,000	**20%**	2%	**20%**	2%	Deposits, loans and other financial services
全州柳鋪水電有限公司 (Quanzhou Liupu Hydropower Co., Ltd.,)* ("Quanzhou Liupu")	RMB25,000,000	**40%**	40%	**40%**	40%	Hydropower project development and investment
北京市天銀地熱開發有限責任公司 (Beijing Tian Yin Di Re Development Co., Ltd.)* ("Tian Yin Di Re")	RMB60,000,000	**50%**	50%	**50%**	50%	Geothermal power development and heating

* English name for identification purpose.

Note:

BEH Finance is a non-banking financial institution approved by the relevant PRC authorities to engage in the provision of various financial services, including taking deposit and providing loans, and is primarily providing financial services to BEH and its subsidiaries.

On 5 November 2019, the Company entered into a capital increase agreement with, among others, BEH and BEH Finance in relation to the proposed capital increase of BEH Finance (the "Proposed Subscription"). The aggregate consideration payable by the Group for the Proposed Subscription is RMB1,222 million based on appraised value of BEH Finance's net assets with reference to a valuation report prepared by a firm of recognised professional valuers.

On 8 May 2020, the Proposed Subscription has been completed. Before the completion of the Proposed Subscription, the Group held 2% equity interest in BEH Finance and had accounted for BEH Finance as equity investment at FVTOCI. Upon the completion of the Proposed Subscription, the Group hold 20% equity interest of BEH Finance's enlarged capital and accounts for it as an associate and the Group shares its operation results since then.

22. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(continued)*

(b) Loans to associates

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loans to associates	**117,000**	134,000

As at 31 December 2020, the loans to associates represent loan to Quanzhou Liupu (2019: Quanzhou Liupu and Tian Yin Di Re). All of the loans are unsecured and carry interest at 98.4% (2019: 101.27%) of the prevailing interest rates promulgated by the People's Bank of China (the "PBOC") per annum.

(c) Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs. The associates are accounted for using the equity method in the consolidated financial statements.

Jingneng International	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Non-current assets	**70,817,506**	67,586,414
Current assets	**9,607,145**	8,366,664
Non-current liabilities	**30,848,341**	31,616,611
Current liabilities	**18,420,223**	15,733,568
Non-controlling interests	**19,522,045**	18,960,969
Perpetual notes	**1,517,348**	–

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**20,070,422**	18,438,355
Profit and total comprehensive income for the year	**1,690,672**	1,670,017
Profit and total comprehensive income for the year attributable to:		
Non-controlling interests	**1,150,008**	1,087,763
Holders of perpetual notes	**22,442**	–
Dividends received from the associate during the year	**–**	43,000

22. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(continued)*

(c) Summarised financial information of material associates *(continued)*

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

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net assets of Jingneng International	**10,116,694**	9,641,930
Proportion of the Group's ownership interest in Jingneng International	**20%**	20%
Group's share of net assets of Jingneng International	**2,023,339**	1,928,386
Goodwill	**35,270**	35,270
Carrying amount of the Group's interest in Jingneng International	**2,058,609**	1,963,656

BEH Finance	**At 31 December 2020** ***RMB'000***
Non-current assets	**20,895,349**
Current assets	**9,250,889**
Non-current liabilities	**5,656**
Current liabilities	**23,160,861**

	Year ended 31 December 2020 ***RMB'000***
Revenue for the period	**498,319**
Profit for the period	**308,678**
Other comprehensive expense for the period	**(23,330)**

22. INVESTMENTS IN ASSOCIATES/LOANS TO ASSOCIATES *(continued)*

(c) Summarised financial information of material associates *(continued)*

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

	At 31 December 2020 *RMB'000*
Net assets of BEH Finance	6,979,721
Proportion of the Group's ownership interest in BEH Finance	20%
Group's share of net assets of BEH Finance	1,395,944
Carrying amount of the Group's interest in BEH Finance	1,395,944

(d) Aggregate information of associates that are not individually material:

	Year ended 31 December	
	2020 *RMB'000*	2019 *RMB'000*
Group's share of profit and total comprehensive income for the year	2,401	3,096
Aggregate carrying amount of the Group's interests in these associates	63,955	61,554

23. INVESTMENT IN A JOINT VENTURE/LOANS TO A JOINT VENTURE

(a) Investment in a joint venture

	At 31 December 2020 RMB'000	2019 RMB'000
Unlisted equity investment, at cost	**152,500**	152,500
Share of post-acquisition (loss) profit	**(21,596)**	467
	130,904	152,967

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at 31 December 2020 and 2019 are set out below:

Name of the joint venture	Paid up registered capital	Equity interest attributable to the Group At 31 December		Proportion of voting rights held by the Group At 31 December		Principal activity
		2020	2019	**2020**	2019	
北京華源惠眾環保科技有限公司 (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	RMB160,000,000	**50%**	50%	**50%**	50%	Environment protection technology

(b) Loans to a joint venture

	At 31 December 2020 RMB'000	2019 RMB'000
Loans to a joint venture	**70,000**	75,000

As at 31 December 2019, the loans to a joint venture were unsecured, with carried interests ranging from 4.35% to 4.75% per annum. The amounts were fully repaid in the current year.

As at 31 December 2020, the loans to a joint venture are unsecured, carried interest at the prevailing interest rate promulgated by the PBOC per annum. The directors are of the opinion that RMB50,000,000 of the loans will be repaid on 15 January 2022, and the remaining will be repaid on 18 March 2022.

24. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2020 and 2019:

	Tax loss	Impairment loss of financial asset	Temporary differences on fair value adjustments in acquisition of subsidiaries	Fair value change of equity instruments at FVTOCI	Trial run profit	Deferred income related to clean energy production	Different depreciation rate	Trial run loss	Fair value change of financial assets at FVTPL	Derivative financial instruments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note (c))		*(Note (a))*	*(Note (b))*		*(Note (a))*				
At 1 January 2019	51,747	3,897	(13,954)	(2,053)	87,159	64,509	(80,619)	(52,949)	18,552	23,094	7,414	106,797
(Charge) credit to profit or loss	(11,790)	1,731	867	–	26,608	13,749	(14,490)	4,521	(4,453)	7,995	10,201	34,939
(Charge) to other comprehensive income	–	–	–	(1,518)	–	–	–	–	–	(5,227)	–	(6,745)
Acquisition of subsidiaries *(Note 44)*	–	–	(11,219)	–	–	–	–	–	–	–	–	(11,219)
Exchange adjustments	1,685	–	–	–	–	–	(1,267)	–	333	2,461	3,509	6,721
At 31 December 2019	**41,642**	**5,628**	**(24,306)**	**(3,571)**	**113,767**	**78,258**	**(96,376)**	**(48,428)**	**14,432**	**28,323**	**21,124**	**130,493**
(Charge) credit to profit or loss	**(4,512)**	**962**	**1,486**	**-**	**(564)**	**(23,967)**	**(12,713)**	**4,683**	**8,389**	**390**	**2,116**	**(23,730)**
Credit (charge) to other comprehensive income	**-**	**-**	**-**	**3,851**	**-**	**-**	**-**	**-**	**-**	**(7,569)**	**-**	**(3,718)**
Acquisition of subsidiaries *(Note 44)*	**-**	**-**	**416**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**416**
Exchange adjustments	**(410)**	**-**	**-**	**-**	**-**	**-**	**(3,079)**	**-**	**(1,320)**	**3,657**	**180**	**(972)**
At 31 December 2020	**36,720**	**6,590**	**(22,404)**	**280**	**113,203**	**54,291**	**(112,168)**	**(43,745)**	**21,501**	**24,801**	**23,420**	**102,489**

Notes:

(a) The revenue and cost generated from trial run of property, plant and equipment were credited and debited respectively to property, plant and equipment but the profit margin is subject to PRC Enterprise Income Tax and results in a temporary difference. The trial run profit/(loss) resulted in the tax bases of the related property, plant and equipment to be higher/(lower) than their carrying value on the consolidated statement of financial position in accounting, which the group entity can receive more/(less) deductible depreciation charging to the tax profit to save/(increase) the future income tax expense during the useful life of the related property, plant and equipment. Accordingly, the deferred tax assets/(liabilities) are recognised from the trial run profit/(loss).

(b) The government subsidies will be taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognised.

(c) The carrying amount of some property, plant and equipment and intangible assets was different from their tax bases as a result of the fair value exceeding the book value in connection with the business combinations.

24. DEFERRED TAXATION *(continued)*

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Deferred tax assets	**296,104**	326,603
Deferred tax liabilities	**(193,615)**	(196,110)
	102,489	130,493

Details of tax losses and temporary differences not recognised are set out below:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Tax losses	**1,059,276**	1,070,582
Temporary differences	**119,521**	–
	1,178,797	1,070,582

The Group has not recognised deferred tax assets on above tax losses and temporary differences because it is not probable that the future taxable profits will be available in relevant subsidiaries to offset the tax losses.

As at 31 December 2020, included in the above tax losses are tax losses in Hong Kong of RMB40,303,000 (2019: RMB39,601,000), which can be carried forward against future taxable income and have no expiry date.

24. DEFERRED TAXATION *(continued)*

The unrecognised tax losses will expire as follows:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
2020	**–**	267,051
2021	**155,499**	155,499
2022	**174,589**	174,589
2023	**163,986**	163,986
2024	**269,856**	269,856
2025	**255,043**	–
	1,018,973	1,030,981

25. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Unlisted equity investments	**66,911**	142,313

The above unlisted equity investments represent the Group's equity interests in unlisted equity securities issued by state-owned entities established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

As detailed in Note 22, the Group held 2% equity interest in BEH Finance and had accounted for BEH Finance as equity investment at FVTOCI on 31 December 2019. Upon the completion of the Proposed Subscription, the Group hold 20% equity interest of BEH Finance's enlarged capital and accounts for it as an associate as detailed in Note 22.

26. INVENTORIES

Inventories as at 31 December 2020 mainly represent consumable spare parts used for maintenance. During the year ended 31 December 2020, the cost of inventories recognised as expense was RMB190,327,000 (2019: RMB189,483,000).

27. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables		
– goods and services	**2,198,687**	520,080
– clean energy power price premium	**6,683,224**	4,294,906
Bills receivable	**294,875**	98,933
	9,176,786	4,913,919
Less: Allowance for credit losses	**(17,469)**	(15,997)
	9,159,317	4,897,922

The Group allows an credit period of 60 days to its customers of electricity and heat sales from the end of the month in which the sales are made except for clean energy power price premium. The aged analysis of the Group's trade and bills receivables net of allowance for credit losses presented based on the invoice dates are as follows:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 60 days	**2,849,843**	1,011,049
61 to 365 days	**2,649,928**	1,570,957
1 to 2 years	**2,200,362**	1,474,339
2 to 3 years	**906,255**	496,747
Over 3 years	**552,929**	344,830
	9,159,317	4,897,922

The Group's major customers are the PRC state-owned power grid companies with good credit rating.

27. TRADE AND BILLS RECEIVABLES *(continued)*

The clean energy power price premium is included as a component of the government-approved on-grid tariff of wind power and photovoltaic power. As at 31 December 2020, most of the operating projects have been approved for the tariff premium 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 and the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the power grid companies in the past and the tariff premium is funded by the PRC government.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for 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.

As at 31 December 2020, included in the Group's trade receivables balance for goods and services are debtors with aggregate carrying amount of RMB194,335,000 (2019: RMB132,044,000) which are past due as at the reporting date.

At 31 December 2020, trade receivables amounting to RMB135,878,000 (2019: RMB440,213,000) are pledged for bank borrowings set out in Notes 34(e) and 46.

Bills receivable are mainly bank's acceptance bills endorsed by the PRC state-owned power grid companies.

Details of impairment assessment of trade and bills receivables are set out in Note 50(b).

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other miscellaneous receivables	**80,340**	80,499
Security deposits	**342,554**	167,634
Prepayments	**65,662**	121,416
	488,556	369,549
Less: Allowance for credit losses	**(24,778)**	(24,740)
	463,778	344,809

Detail of impairment assessment of other receivables and deposits are set out in Note 50(b).

29. VALUE-ADDED TAX RECOVERABLE

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Value-added tax recoverable, classified as:		
– Current	**469,666**	383,058
– Non-current	**1,114,305**	910,507
	1,583,971	1,293,565

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets is recognised as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arisen on future revenue. Value-added tax recoverable is classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next twelve months.

30. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Listed equity investment		
– Listed in Hong Kong *(Note)*	**196,043**	259,880

Note:

The Group holds 0.28% (2019: 0.28%) of the ordinary share capital of CGN Power Co., Ltd, a company listed on the Stock Exchange and the Shenzhen Stock Exchange and engaged in the nuclear power generation.

The fair value of listed equity investment is based on the quoted bid price.

31. RESTRICTED BANK DEPOSITS

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as:		
– Current	**4,577**	1,592
– Non-current	**50,787**	55,645
	55,364	57,237

At 31 December 2020, the current restricted bank deposits mainly represented collaterals for property, plant and equipment (2019: for bills payable and letter of credit used for equipment purchase).

At 31 December 2020 and 2019, the non-current restricted bank deposits mainly represented the guaranteed deposits for a long-term bank loan as required in the loan agreement.

At 31 December 2020, Restricted bank deposits above carry variable prevailing interest rates of bank deposits placed in Mainland China and Australia (2019: Mainland China, Hong Kong and Australia).

32. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise cash on hand and deposits to banks and a related non-bank financial institution with an original maturity of three months or less. Deposits to banks and a related non-bank financial institution carry prevailing market interest rate.

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Bank deposits denominated in:		
– RMB	**573,697**	2,331,598
– HK$	**371,834**	638,259
– Australian dollars ("AU$")	**453,897**	341,587
– United States dollars ("US$")	**5,139**	6,293
Deposits in a related non-bank financial institution denominated in RMB	**2,892,859**	738,366
Cash on hand denominated in RMB	**24**	7
	4,297,450	4,056,110

32. CASH AND CASH EQUIVALENTS *(continued)*

The Group had certain amount of deposits placed with BEH Finance, a non-bank financial institution approved by China Banking and Insurance Regulatory Commission as at 31 December 2020 and 2019. Such deposits are short-term and are subject to an insignificant risk of changes in value, accordingly, the balances had been regarded as cash and cash equivalents.

The deposits in banks and a related non-bank financial institution at the end of the reporting period carry interest at the following variable interest rates per annum:

	At 31 December	
	2020	2019
Range of interest rates per annum	**0.01% to 1.55%**	0.01% to 1.35%

33. TRADE AND OTHER PAYABLES

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**2,384,450**	2,327,602
Payables for acquisition of property, plant and equipment	**1,601,100**	1,389,957
Retention payables	**446,166**	173,470
Bills payable	**20,000**	–
Salary and staff welfares	**103,870**	105,526
Non-income tax payables	**164,689**	180,709
Dividend payables to a non-controlling shareholder of a subsidiary	**–**	71,142
Others	**338,714**	489,016
	5,058,989	4,737,422

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Group normally settles the trade payable related to gas purchase within 30 days, settles the payable related to equipment purchase and construction cost according to related contractual arrangements which normally require progress payments during the construction period and a final payment after construction cost verified by independent valuer.

33. TRADE AND OTHER PAYABLES *(continued)*

The following is an aged analysis of the Group's trade and bills payables by invoice dates as at the reporting date:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 30 days	**1,676,193**	2,094,691
31 to 365 days	**563,194**	148,726
1 to 2 years	**115,688**	68,733
2 to 3 years	**37,516**	11,127
Over 3 years	**11,859**	4,325
	2,404,450	2,327,602

The Group's trade payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Eurodollar ("EUR")	**25,307**	10,989

34. BANK AND OTHER BORROWINGS

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Bank loans	**19,405,925**	16,618,049
Other borrowings from:		
– related non-bank financial institutions *(note (a))*	**3,142,250**	1,060,500
– fellow subsidiaries *(note (b))*	**220,000**	270,000
– other non-related entities *(note (c))*	**445,665**	1,324,008
– BEH *(note (d))*	**750**	750
	23,214,590	19,273,307
Represented by:		
– Unsecured borrowings	**21,505,281**	17,728,113
– Secured borrowings *(note (e))*	**1,709,309**	1,545,194
	23,214,590	19,273,307
Bank and other borrowings repayable based on scheduled repayment:		
– Within one year	**12,318,322**	7,863,793
– More than one year but not exceeding two years	**2,457,544**	5,077,599
– More than two years but not exceeding five years	**5,184,929**	4,792,595
– More than five years	**3,253,795**	1,539,320
	23,214,590	19,273,307
Less: Amount due within one year shown under current liabilities	**(12,318,322)**	(7,863,793)
Amount due after one year	**10,896,268**	11,409,514

34. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Other borrowings from related non-bank financial institutions included loans from BEH Finance amounting to RMB3,142,250,000 (2019: RMB1,060,500,000) which are unsecured, carry interest at rates that are the prevailing interest rates promulgated by the PBOC per annum, with a maximum premium or discount of 10.00% and variable by reference to the interest rates promulgated by PBOC. Part of the loan amounting to RMB2,180,500,000 is repayable in 2021, and the remaining balance of RMB961,750,000 is repayable in 2022 and 2023. The interest accrued attributed to the loans from BEH Finance above were RMB65,232,000 for the year ended 31 December 2020 (2019: RMB37,745,000).

(b) At 31 December 2020, the balance comprises the borrowings from 北京京西發電有限責任公司 (Beijing Jingxi Power Generation Co., Ltd., English name for identification purpose) amounting to RMB150,000,000 (2019: RMB200,000,000) and 北京京豐熱電有限責任公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) amounting to RMB70,000,000 (2019: RMB70,000,000), which are subsidiaries of BEH. The loans are unsecured, repayable in 2021 and carry fixed interest rate at 3.912% and 4.25% per annum respectively.

The interest expense attributed to the loans above was RMB10,667,000 for the year ended 31 December 2020 (2019: RMB8,247,000).

(c) The balance comprises borrowings from 光大金融租賃股份有限公司 (Ever Bright Financial Leasing Co., Ltd., English name for identification purpose) ("Ever Bright Financial Leasing"), and certain independent financial institutions. As at 31 December 2020, the borrowings were:

(i) The secured loans granted by Ever Bright Financial Leasing amounting to RMB200,000,000 (2019: RMB605,000,000) were pledged by property, plant and equipment, carrying the variable interest rates with discount of 31.16% and 32.00%, variable by reference to the interest rates promulgated by the PBOC and repayable in 2021 and 2024, respectively.

(ii) The loans of RMB310,000,000 (2019: RMB310,000,000) in nominal amount were from 中國農發重點建設基金有限公司 (China Agricultural Development Fund Co., Ltd., English name for identification purpose) ("CAD Fund"). According to the agreements between 北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose) ("Shangzhuang Power"), a subsidiary of the Company, the Company and CAD Fund, the loans were provided by CAD Fund as capital injection to Shangzhuang Power ("Designated Capital Loan"). Upon receipt of the Designated Capital Loan, the Group and CAD Fund held 60.03% and 39.97% (2019: 59.60% and 40.40%) interests in Shangzhuang Power, respectively.

In the opinion of the Directors, the Designated Capital Loan is designated by certain government institutions to finance the construction of the gas-fired plant owned by Shangzhuang Power; and the relevant investment agreement required: (i) the Company is obliged to repurchase all shares of Shangzhuang Power issued to CAD Fund with a cash consideration of RMB110,000,000 on 19 November 2025, RMB100,000,000 on 2 March 2026, and RMB100,000,000 on 5 June 2026; (ii) CAD Fund does not have any influence over Shangzhuang Power or undertake any risk of investment, but is only entitled to a fixed interest rate at 1.20% per annum which should be paid quarterly during the ten years of the investment period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from the government. The Group classified the above Designated Capital Loan as a financial liability, and continues to consolidate all results as if Shangzhuang Power is a wholly-owned subsidiary of the Company.

The Designated Capital Loan is initially measured at its fair value of RMB221,000,000 at an effective interest rate of 4.90% per annum. The benefit derived from such loan of RMB89,000,000 (Note 38) that represents the difference between the proceeds and the fair value of the loan on initial recognition, is recognised as deferred income and will be recognised in profit or loss on the same basis as depreciation for the related plant. As at 31 December 2020, the Designated Capital Loan balance is RMB221,000,000 (2019: RMB221,000,000) which is measured at amortised cost using the effective interest method.

34. BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

(d) The loans are unsecured, carry fixed interest rate at 4.56% per annum and repayable in 2021. The interest expenses attributed to the loans were RMB35,000 for the year ended 31 December 2020 (2019: RMB35,000).

(e) Besides certain property, plant and equipment pledged to secure bank borrowings as set out in Note 17, the Group's borrowings are secured by following assets:

(i) Certain of the Group's secured borrowings were secured with a charge over the right to receive the wind power electricity sale proceeds in two subsidiaries, and guaranteed by 北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd., English name for identification purpose) ("New Energy"), a subsidiary of the Company, and the Company as at 31 December 2020. The relevant trade receivable balances were RMB135,878,000 as at 31 December 2020 (2019: RMB440,213,000).

(ii) The New GRWF and Gullen Solar Pty Ltd.'s syndicated loan, amounting to AU$182,487,000 (2019: AU$195,156,000), equivalent to RMB915,410,000 (2019: RMB953,200,000) is secured by the beneficial interest of the properties and pledged by the shares of New GRWF and Gullen Solar Pty Ltd.. The syndicated loan carries at floating interest rate at Bank Bill Bid Rate prevailing in Australia plus 1.80% (2019: 1.70%) per annum and repayable between 2021 and 2025 (2019: in 2020). The Group enters into interest rate swaps to exchange variable rate interest for fixed rate interest in order to hedge against the cash flow interest rate risk (Note 37).

The following is an analysis of the Group's bank and other borrowings by variable and fixed interest rate:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Variable interest rate	**17,441,753**	14,648,590
Fixed interest rate	**5,772,837**	4,624,717
	23,214,590	19,273,307

	At 31 December	
	2020	2019
Range of interest rates per annum:		
– Variable-interest borrowings	**2.09% to 4.99%**	3.27% to 6.41%
– Fixed-interest borrowings	**1.20% to 10.00%**	1.20% to 10.00%

As at 31 December 2020, the fair values of fixed interest rate borrowings are approximately RMB5,457,153,000 (2019: RMB4,455,089,000).

35. SHORT-TERM DEBENTURES

On 13 April 2020, the Company issued an ultra short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 1.96%, and expiring on 10 January 2021.

On 31 July 2020, the Company issued an ultra short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 2.60%, and expiring on 30 April 2021.

On 25 September 2020, the Company issued an ultra short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 1.80%, and expiring on 26 March 2021.

On 7 December 2020, the Company issued an ultra short-term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 2.75%, and expiring on 4 September 2021.

These commercial papers are traded on the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) ("NAFMII") in the PRC.

36. MEDIUM-TERM NOTES/CORPORATE BONDS

On 1 December 2017, the Company issued 5-year medium-term note with total value of RMB2,000,000,000. The coupon rate is 5.50% per annum. Total proceeds received, net of issuance costs, amounted to RMB1,994,340,000. The medium-term note will be fully repaid on 1 December 2022.

On 3 April 2018, the Company issued 5-year medium-term note with total value of RMB1,500,000,000. The coupon rate is 5.19% per annum. Total proceeds received, net of issuance costs, amounted to RMB1,495,754,000. The medium-term note will be fully repaid on 3 April 2023.

On 9 April 2020, the Company issued 5-year medium-term note with total value of RMB1,000,000,000. The coupon rate is 3.25% per annum. Total proceeds received net of issuance costs, amounted to RMB998,585,000. The medium-term note will be fully repaid on 13 April 2025.

On 13 November 2019, the Company issued 3-year corporate bonds with total value of RMB1,000,000,000. The coupon rate is 3.64% per annum. Total proceeds received, net of issuance costs, amounted to RMB999,642,000. The corporate bonds will be fully repaid on 13 November 2022.

On 16 April 2020, the Company issued corporate bonds with total value of RMB1,000,000,000. Of which, RMB600,000,000 was 5-year corporate bonds, with coupon rate of 3.22% per annum, RMB400,000,000 was 3-year corporate bonds, with coupon rate of 2.65% per annum. Total proceeds received, net of issuance costs, amounted to RMB999,642,000. The corporate bonds will be repaid on 16 April 2023 and 16 April 2025 respectively.

37. DERIVATIVE FINANCIAL ASSET/LIABILITIES

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Derivative financial asset		
Cash flow hedges – Interest rate swaps *(note (a))*	**–**	7,597
Derivative financial liabilities		
Cash flow hedges – Interest rate swaps *(note (a))*	**(21,068)**	(30,048)
Fixed forward commodity contract *(note (b))*	**(43,510)**	(41,041)
	(64,578)	(71,089)
Analysed as:		
– Current	**(19,576)**	(8,707)
– Non-current	**(45,002)**	(62,382)
	(64,578)	(71,089)

Notes:

(a) **Cash flow hedges – Interest rate swaps**

At the end of the reporting period, the Group had the following interest rate swaps contracts designated as highly effective hedging instruments in order to manage the Group's interest rate risk exposure in relation to the New GRWF Note 34(e(ii)) and Beijing Jingneng Clean Energy Hong Kong Limited ("Jingneng HK")'s syndicated loans.

The terms of the interest rate swaps contracts have been negotiated to match the terms of the respective designated hedged items.

Major terms of these contracts are as follows:

At 31 December 2020

Notional amount	Maturity	Swaps
AU$137,980,000 (equivalent to RMB692,151,000)	17 September 2025	Bank Bill Bid Rate prevailing in Australia+1.80% for 2.15%
HK$1,420,000,000 (equivalent to RMB1,195,129,000)	21 June 2021	HIBOR+1.43% for 4.20%

37. DERIVATIVE FINANCIAL ASSET/LIABILITIES *(continued)*

Notes: (continued)

(a) Cash flow hedges – Interest rate swaps *(continued)*

At 31 December 2019

Notional amount	Maturity	Swaps
AU$195,156,000 (equivalent to RMB953,200,000)	21 September 2020	Bank Bill Bid Rate prevailing in Australia+1.70% for 2.56%
HK$200,000,000 (equivalent to RMB175,240,000)	21 June 2021	Hong Kong Interbank Offered Rate ("HIBOR")+1.43% for 3.98%
HK$1,520,000,000 (equivalent to RMB1,331,824,000)	21 June 2021	HIBOR+1.43% for 4.20%

(b) Fixed forward commodity contract

New GRWF entered into the PPA contract (the "Australian PPA Contract") with a counterparty (an electricity retailer in Australia) in 2013. Under the Australian PPA Contract, New GRWF will sell its electricity product on the spot price in Australian national energy market, but both parties agreed that the difference between the actual price realised in the market and a fixed price determined in the Australian PPA Contract will be net settled in cash. The Australian PPA Contract results in New GRWF converting its floating price electricity sales revenue that will be earned during the contract period (ten years effective from the wind farms of New GRWF starting to operate) to a fixed price revenue, with the fixed price being escalated at 2.50% per annum over the contract period.

Major terms of the Australian PPA Contract are as follows:

Notional amount	Maturity	Fixed prices
Up to the maximum capacity of the wind farm	Effective for 10 years from the operation of the wind farm to start (31 December 2014)	Peak/off peak rates as at 1 January 2012 (AU$58.81 per MWh and AU$40.29 per MWh, respectively) and escalated 2.50% per annum since then

In previous years, the Group applied hedge accounting for the Australian PPA Contract, the effective portion of the changes in fair value of the Australian PPA Contract that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve.

From 1 January 2019, the Group ceased to apply hedge accounting for the Australian PPA Contracts. During the year ended 31 December 2020, fair value loss of the Australian PPA Contract amounting to RMB1,300,000 (2019: RMB26,651,000) has been recognised in profit or loss. The Gain or loss recognised in other comprehensive income and accumulated in equity remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss.

38. DEFERRED INCOME

	Government grants and subsidies		
	Clean energy production	Construction of assets	Total
	RMB'000	*RMB'000*	*RMB'000*
	(note (a))	*(notes (b) and (c))*	
At 1 January 2019	304,660	464,824	769,484
Additions	710,338	48,419	758,757
Released to profit or loss	(701,965)	(27,985)	(729,950)
At 31 December 2019	**313,033**	**485,258**	**798,291**
Additions	**341,711**	**3,035**	**344,746**
Released to profit or loss	**(426,408)**	**(52,482)**	**(478,890)**
At 31 December 2020	**228,336**	**435,811**	**664,147**

Notes:

(a) The Group's gas power facilities located in Beijing, the PRC are entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensates the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognises deferred income when the Group receives the relevant government subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidising rate. The amounts released to profit or loss are set out in Note 8.

(b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and releases to profit or loss to match with the depreciation charge of related assets. The amounts released to profit or loss are set out in Note 8.

(c) Amount of RMB89,000,000 included in grants related to construction of assets is a benefit derived from a government designated capital loan (Note 34(c)(ii)).

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Presented in the consolidated financial statements as:		
– Current	**228,336**	313,033
– Non-current	**435,811**	485,258
	664,147	798,291

39. LEASE LIABILITIES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Lease liabilities payable:		
Within one year	**64,659**	44,361
One to two years	**85,796**	28,702
Two to five years	**180,985**	69,762
Over five years	**569,555**	444,575
	900,995	587,400
Less: Amount due for settlement with 12 month shown under current liabilities	**(64,659)**	(44,361)
Amount due for settlement after 12 months shown under non-current liabilities	**836,336**	543,039

The weighted average incremental borrowing rates applied to lease liabilities is 4.77% (2019: 4.90%).

40. OTHER NON-CURRENT LIABILITY

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
At the beginning of the year	**24,285**	31,570
Released to profit or loss	**(5,277)**	(5,379)
Effect of foreign currency exchange difference	**394**	(1,906)
At the end of the year	**19,402**	24,285

Other non-current liability represented a contractual obligation under the Australian PPA Contract. The obligation is to require New GRWF to deliver certain quantity of carbon credits to the counterparty at a fixed price but escalating 2.50% per annum during the contract period.

At the date of acquisition of New GRWF, the Group recognised the contractual obligation as a liability pursuant to IFRS 3 *Business Combinations*. The liability was initially recognised at fair value which represented the discounted cash flow related to the difference between the contracted fixed prices and the estimated future market prices. At the end of each reporting period, the liability will be measured at the amount initially recognised less cumulative amortization recognised in profit or loss on a straight-line basis during the contract period.

41. SHARE CAPITAL

	Number of shares			
	Domestic legal person shares *'000*	**H shares** *'000*	**Total** *'000*	**Share capital** *RMB'000*
At 31 December 2019 and 2020	5,414,831	2,829,677	8,244,508	8,244,508

42. CAPITAL RESERVE

	At 31 December	
	2020 ***RMB'000***	2019 *RMB'000*
Share premium on share issuance	**2,876,757**	2,876,757
Effects on acquisition of additional interest in a subsidiary	**(19,043)**	(19,043)
Effects on equity transactions with holding company	**1,076,759**	1,076,759
	3,934,473	3,934,473

43. PERPETUAL NOTES

The Company issued perpetual medium-term notes at par value on 15 May 2020, with a total principal amount of RMB1.5 billion ("Perpetual Notes"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB1,493,250,000.

The coupon rate for the first three years up to 19 May 2023 is 3.44% per annum, which is paid annually in arrears on 19 May in each year ("Coupon Payment Date"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company (except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 19 May 2023 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments.

After 19 May 2023, the coupon rate will be reset every three years to a percentage per annum equal to the sum (i) of the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points. While any coupon interest payments are unpaid or deferred, the Group cannot pay dividends or reduce its registered capital.

Pursuant to the terms of these Perpetual Notes, the Company has no contractual obligation to repay its principal or to pay any coupon and deferred interest unless compulsory coupon payment event has occurred. Accordingly, the Perpetual Notes are classified as equity and subsequent coupon payment will be recorded as equity distribution to the owners of the Company.

During the year ended 31 December 2020, the profit attributable to holders of the Perpetual Notes, based on the applicable coupon rate, was approximately RMB31,950,000.

44. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2020

The acquisition of the subsidiaries is determined to be business combinations, and optional concentration test is not elected.

During the year ended 31 December 2020, the Group acquired 100% of the issued share capital of the Targets for total consideration of RMB34,183,000. These acquisitions have been accounted for using the purchase method. Bargain purchase gain of RMB151,051,000 arising as a result of these acquisitions is recognised in profit or loss under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The Targets are all engaged in the photovoltaic power generation. The Targets were acquired so as to continue the expansion of the Group's photovoltaic power generation operations.

Name of the Targets	Acquisition date	Acquisition consideration *RMB'000*
義縣珈煜光伏電力有限公司 (Yixian Jiayu Photovoltaic Power Co., Ltd.)*	29 June 2020	15,361
寧夏杉陽新能源有限公司 (Ningxia Shanyang New Energy Co., Ltd.)*	28 August 2020	–**
寧夏同心大地日盛新能源有限公司 (Ningxia Tongxin Dadirisheng New Energy Co., Ltd.)*	17 July 2020	3,022
湛江市鼎瑞太陽能發電有限公司 (Zhanjiang Dingrui Solar Power Generation Co., Ltd.)*	11 December 2020	15,800
		34,183

* English name for identification purpose

** Consideration is RMB1

44. ACQUISITION OF SUBSIDIARIES *(continued)*

Year ended 31 December 2020 *(continued)*

Assets acquired and liabilities recognised at the dates of acquisition (determined on a provisional basis for fair value pending for the valuation carried out by an independent firm of professional valuer) are as follows:

	RMB'000
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	1,346,528
Right-of-use assets	108,892
Intangible assets	564,868
Deferred tax assets	2,609
Trade and bills receivables	380,311
Other receivables, deposits and prepayments	16,514
Value-added tax recoverable	195,744
Cash and cash equivalents	38,908
Trade and other payables	(2,060,603)
Bank and other borrowings	(380,950)
Lease liabilities	(25,145)
Deferred tax liabilities	(2,193)
Income tax payable	(249)
Fair value of net assets acquired	185,234
Bargain purchase gain arising on acquisitions	
Consideration transferred	34,183
Less: Net assets acquired	(185,234)
	(151,051)
Net cash inflow arising on acquisitions	
Total consideration	34,183
Less: Sum not yet settled as at 31 December 2020	(27,761)
Less: Cash and cash equivalents acquired	(38,908)
	(32,486)

44. ACQUISITION OF SUBSIDIARIES *(continued)*

Year ended 31 December 2020 *(continued)*

Included in the profit for the year is RMB39,151,000 attributable to the additional business generated by the Targets. Revenue for the year includes RMB94,283,000 generated from the Targets.

Had the acquisitions been completed on 1 January 2020, revenue for the year of the Group would have been RMB17,227,564,000, and profit for the year of the Group would have been RMB2,473,086,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2020, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Targets been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

Year ended 31 December 2019

During the year ended 31 December 2019, the Group acquired 100% of the issued share capital of sixteen photovoltaic companies (the “2019 Targets”) for total consideration of RMB591,217,000. These acquisitions had been accounted for using the purchase method. Bargain purchase gain of RMB117,088,000 arising as a result of these acquisitions was recognised in profit or loss under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The 2019 Targets were all engaged in the photovoltaic power generation. The 2019 Targets were acquired so as to continue the expansion of the Group’s photovoltaic power generation operations.

44. ACQUISITION OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

Assets acquired and liabilities recognised at the dates of acquisition (determined on a provisional basis for fair value pending for the valuation carried out by an independent firm of professional valuer) are as follows:

	RMB'000
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	2,972,140
Right-of-use assets	262,049
Intangible assets	636,956
Trade and bills receivables	362,970
Other receivables, deposits and prepayments	233,627
Value-added tax recoverable	417,890
Cash and cash equivalents	85,835
Trade and other payables	(2,333,962)
Bank and other borrowings	(1,699,380)
Lease liabilities	(214,641)
Income tax payable	(3,960)
Deferred tax liabilities	(11,219)
Fair value of net assets acquired	708,305
Bargain purchase gain arising on acquisitions	
Consideration transferred	591,217
Less: Net assets acquired	(708,305)
	(117,088)
Net cash outflow arising on acquisitions	
Total consideration	591,217
Less: Sum not yet settled as at 31 December 2019	(222,004)
Less: Cash and cash equivalents acquired	(85,835)
	283,378

44. ACQUISITION OF SUBSIDIARIES *(continued)*

Year ended 31 December 2019 *(continued)*

Included in the profit for the year ended 31 December 2019 was RMB61,938,000 attributable to the additional business generated by the 2019 Targets. Revenue for the year included RMB246,120,000 generated from the 2019 Targets.

Had the acquisitions been completed on 1 January 2019, revenue for the year of the Group would have been RMB16,551,587,000, and profit for the year of the Group would have been RMB2,213,336,000. The pro-forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2019, nor was it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had the 2019 Targets been acquired at the beginning of prior year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

45. CAPITAL COMMITMENTS

The Group had the following commitments:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	**3,657,075**	2,768,342
– Additional investment in BEH Finance *(Note 22(a))*	**–**	1,222,000
	3,657,075	3,990,342

46. PLEDGE OF ASSETS

(a) The following assets were pledged to secure certain bank borrowings granted to the Group as at 31 December 2020 and 2019.

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Property, plant and equipment	**2,353,117**	1,062,615
Trade receivables	**135,878**	440,213
Restricted bank deposits	**52,259**	54,079
	2,541,254	1,556,907

(b) Shares pledged

As at 31 December 2020, the Group pledged 100% equity interest of New GRWF and Gullen Solar Pty Ltd., subsidiaries of the Company, to National Australia Bank ("NAB") in Australia in connection with the loan facilities granted by NAB.

47. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended 31 December 2020, total amount of RMB41,981,000 (2019: RMB107,751,000) including retirement benefit cost of directors of RMB9,000 (2019: RMB150,000) was recognised in profit or loss as retirement benefit scheme contributions.

The Group participates in retirement benefit schemes organised by the local government authorities in the PRC. The local government authorities in the PRC are responsible for managing the pension liabilities to the retired employees. For the pension liabilities to these retired employees, the Group's obligation is only to make monthly contributions at 16% (2019: 20%) of salary for the years ended 31 December 2020.

48. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Besides loans to associates and a joint venture, and deposits in a related non-bank financial institution as set out in Notes 22, 23 and 32, the Group has amounts due from the following related parties and the details are set out below:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Amounts due from:		
BEH	**2,016**	1,950
Associates	**153**	118
Joint venture	**93**	173
Fellow subsidiaries	**167,931**	58,130
	170,193	60,371
Represented by:		
Trade *(note)*	**169,536**	53,314
Non-trade *(note)*	**657**	7,057
	170,193	60,371

Note: The Group allow a credit period of 60 days for its trade receivables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

48. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(b) Besides the balances in borrowings from related non-bank financial institutions, fellow subsidiaries and BEH as set out in Note 34, the Group has amounts due to the following related parties and the details are set out below:

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Amounts due to:		
Fellow subsidiaries	**184,114**	136,619
Associates	**5,424**	1,623
BEH	**1**	1
	189,539	138,243
Represented by:		
Trade *(note)*	**170,400**	132,363
Payables for acquisition of property, plant and equipment	**13,207**	1,768
Non-trade *(note)*	**5,932**	4,112
	189,539	138,243

Note: The Group apply a credit period of 60 days for its trade payables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

(c) The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively "State-owned Enterprises"). During the year ended 31 December 2020, the Group had transactions with State-owned Enterprises including, but not limited to, sales of goods, purchases of property, plant and equipment and borrowings. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

48. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties:

During the year ended 31 December 2020, besides interest income received from associates and a joint venture as set out in Note 11, and interest expense charged by related parties as set out in Notes 34(a), and 34(b), the Group entered into the following significant transactions with its related parties:

(i) Equipment maintenance services from related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Fellow subsidiaries	**238,044**	197,022

(ii) Administration services from a related party

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
A fellow subsidiary	**47,411**	–

(iii) Leasing properties from related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Expenses relating to short-term leases paid to fellow subsidiaries	**46,198**	46,987

(iv) Commission for entrusted loan service from a related non-bank financial institution

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
A fellow subsidiary	**17,373**	17,581

48. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties: *(continued)*

(v) Interest income from a related non-bank financial institution

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
A fellow subsidiary	**27,717**	16,616

(vi) Property management fee charged by a related party

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
A fellow subsidiary	**62,256**	54,741

(vii) Heat energy sold to related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Fellow subsidiaries	**1,845,035**	1,704,874

(viii) Equipment purchase framework agreement

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Equipment purchase from fellow subsidiaries	**143,683**	128,960

48. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties: *(continued)*

(ix) Operating services from related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Service fees charged by fellow subsidiaries	**9,366**	3,320

(x) EPC framework agreement

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Service fees charged by a fellow subsidiary	**4,568**	4,327

(xi) Finance lease framework agreement

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance lease with a fellow subsidiary	**247,730**	–

During the year ended 31 December 2020, the Group entered into a finance lease agreement for equipment related to a photovoltaic power with a fellow subsidiary for 10 years. The Group has recognised an addition of right-of-use assets and lease liabilities with the same amount of RMB247,730,000.

(xii) Generation Rights purchase from related parties

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Fellow subsidiaries	**10,243**	–

48. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(e) Compensation of key management personnel

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Directors' fees	**500**	500
Basic salaries and allowances	**7,003**	5,045
Retirement benefit contributions	**29**	300
	7,532	5,845

Key management represents the Directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the remuneration committed having regard to the performance of individuals and market trends.

(f) In addition, the Group also has entered into other various transactions with other government-related entities in its ordinary course of business. In view of the insignificance of these transactions, the Directors are of the opinion that separate disclosure is not meaningful.

49. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which include bank and other borrowings, short-term debentures, medium-term notes, corporate bonds, net of cash and cash equivalents, and restricted bank deposits), and equity attributable to ordinary shareholders of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital, and take appropriate actions to balance its overall capital structure.

50. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost	**14,267,440**	9,504,033
Financial assets at FVTPL	**196,043**	259,880
Equity instruments at FVTOCI	**66,911**	142,313
Derivative financial asset	**–**	7,597
Financial liabilities		
Financial liabilities at amortised cost	**41,865,964**	34,504,570
Derivative financial liabilities	**64,578**	71,089

(b) Financial risk management objectives and policies

The Group's major financial instruments include derivative financial asset, trade and bills receivables, other receivables and deposits, equity instruments at FVTOCI, financial assets at FVTPL, loans to associates and a joint venture, cash and cash equivalents, restricted bank deposits, trade and other payables, amounts due from/to related parties, bank and other borrowings, short-term debentures, medium-term notes, corporate bonds and derivative financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other price risk.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year ended 31 December 2020.

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to associates and a joint venture, cash and cash equivalents, restricted bank deposits, bank and other borrowings carried at variable interest rate and lease liabilities. The Group's cash flow interest rate concentrated on prevailing market interest based on the interest rates quoted by the PBOC plus a premium or less a discount. The Group enters into interest rate swaps to hedge against its exposure to changes in cash flow of certain borrowings. The interest rate swaps are designated as an effective hedging instrument and hedge accounting is applied (see Note 37 for details).

The Group's fair value interest rate risk mainly included bank borrowings carried at fixed interest rate, short-term debentures, medium-term notes, corporate bonds and lease liabilities.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing floating interest rate, the analyses are prepared assuming the amount of balances outstanding at the end of each reporting period was outstanding for the whole year. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2020 would decrease/increase by RMB22,276,000 (2019: RMB18,835,000).

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

(ii) Foreign currency risk management

Currency risk

The Group has certain assets and liabilities, including cash and cash equivalents (Note 32), bank loans (Note 34) and trade payables (Note 33) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arises.

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR, HK$, US$ and AU$, because trade payables caused by repairs and maintenance services were mainly denominated in EUR, and foreign currency bank balances denominated in HK$, US$ and AU$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
EUR	**25,307**	10,989	**–**	–
HK$	**–**	–	**1,060**	1,372
US$	**–**	–	**5,139**	6,293
AU$	**–**	–	**6,069**	4,587

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

(ii) Foreign currency risk management (continued)

Currency sensitivity *(continued)*

The following table details the Group's sensitivity to a 5% strengthening of RMB against EUR, HK$, US$ and AU$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate of RMB against EUR, HK$, US$ and AU$. For a 5% weakening of RMB against EUR, HK$, US$ and AU$, there would be an equal and opposite impact on the profit after taxation for the year:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Increase in profit (EUR)	**1,027**	445
Decrease in profit (HK$)	**(43)**	(56)
Decrease in profit (US$)	**(208)**	(255)
Decrease in profit (AU$)	**(246)**	(186)

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk (continued)

(iii) Other price risks

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk over investment in listed equity securities is mainly concentrated on an equity security operating in nuclear power industry sector quoted in the Hong Kong Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 15% higher/lower:

Profit for the year ended 31 December 2020 would increase/decrease by RMB24,554,000 (2019: RMB32,550,000) as a result of the changes in fair value of financial asset at FVTPL.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade and bills receivables, other receivables and deposits, loans to associates and a joint venture, amounts due from related parties, restricted bank deposits, and cash and cash equivalents. As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	12-month or lifetime ECL	At 31 December 2020 Gross carrying amount *RMB'000*	At 31 December 2019 Gross carrying amount *RMB'000*
Financial assets at amortised cost			
Loans to associates and a joint venture and amounts due from related parties *(Note i)*	12m ECL	**357,193**	269,371
Restricted bank deposits, and cash and cash equivalents *(Note i)*	12m ECL	**4,352,814**	4,113,347
Other receivables and deposits *(Note ii)*	12m ECL	**398,116**	223,393
	Lifetime ECL (credit-impaired)	**24,778**	24,740
Trade receivables *(Note ii)*	Lifetime ECL	**8,881,911**	4,814,986
Bills receivable *(Note ii)*	12m ECL	**294,875**	98,933

Notes:

i The counterparty has a low risk of default and does not have any past-due amounts.

ii For other receivables and deposits and bills receivable, the Group uses the 12m ECL to measure the loss allowance, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on the debtors individually by past due status. Due to greater financial uncertainty triggered by the Covid-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could led to increased credit default rates.

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Trade and bills receivables arising from contracts with customers

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms of 60 days to these power grid companies except for clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively longer time for settlement, and the Directors are of the opinion that the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the power grid companies in the past and the tariff premium is funded by the PRC government. The Group normally does not require collaterals from trade debtors. In addition, the Group performs impairment assessment under ECL model on trade balances individually. Aging analysis of the Group's trade receivables is disclosed in Note 27 and monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the Group's management based on historical settlement records, adjusted for forward-looking information and their assessment of the current economic environment.

Other receivables and deposits

The counterparties of the Group's other receivables and deposits are mainly large state-owned enterprises with good credit and government agencies. Under ECL model, management makes periodic collective assessment as well as individual assessment on the recoverability of all the receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Directors are of the opinion that the credit risk on other receivables and deposits is limited. At the end of the reporting period, the Directors have performed impairment assessment for other receivables and deposits and concluded that the credit losses of the other receivables and deposits as at 31 December 2020 was insignificant.

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Restricted bank deposits and cash and cash equivalents

Substantially all of the Group's cash and deposits are held in major financial institutions and BEH Finance, which management believes are of high credit quality. Therefore, the Group performs impairment assessment under 12m ECL model on restricted bank deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties. To manage this risk, restricted bank deposits, and cash and cash equivalents are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The following tables show reconciliation of loss allowances that has been recognised for trade receivables.

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
As 1 January 2019	7,141	–	7,141
– Impairment losses recognised	9,935	–	9,935
– Impairment losses reversed	(1,079)	–	(1,079)
As at 31 December 2019	**15,997**	**–**	**15,997**
– Impairment losses recognised	**7,889**	**–**	**7,889**
– Impairment losses reversed	**(6,417)**	**–**	**(6,417)**
As at 31 December 2020	**17,469**	**–**	**17,469**

For other receivables, the impairment losses at 31 December 2020 of RMB24,778,000 (2019: RMB24,740,000) was assessed by lifetime ECL as the corresponding receivables were considered credit-impaired. The impairment losses on other receivables provided for the year was RMB38,000 (2019: RMB1,963,000).

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group has net current liabilities as at 31 December 2020, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operational cash flow of the Group as well as the unutilised bank facilities to meet its liquidity requirements in the short and long term.

The Group relies on bank borrowings and perpetual notes as a significant source of liquidity. As at 31 December 2020, the Group has available unutilised banking and other borrowing facilities of RMB29,176,000,000 (2019: RMB22,305,000,000).

Liquidity risk

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

50. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 3 years	3 years to 5 years	Over 5 years	Total undiscounted cash flow	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020								
Trade and other payables	–	4,351,400	317,080	121,950	–	–	4,790,430	4,790,430
Bank and other borrowings								
– variable interest rate	3.89	8,795,910	2,377,019	2,056,726	2,688,075	3,315,301	19,233,031	17,441,753
Bank and other borrowings								
– fixed interest rate	3.46	4,179,528	410,618	126,717	908,137	347,388	5,972,388	5,772,837
Short-term debentures	2.51	7,148,844	–	–	–	–	7,148,844	7,060,658
Medium-term notes	5.01	231,671	2,231,671	1,616,011	1,033,915	–	5,113,268	4,585,335
Corporate bonds	3.37	67,036	1,067,036	430,278	619,535	–	2,183,885	2,025,412
Amounts due to related parties	–	189,539	–	–	–	–	189,539	189,539
Lease liabilities	4.77	76,684	100,643	95,846	123,966	900,394	1,297,533	900,995
Derivative financial liabilities	–	19,576	–	–	43,510	1,492	64,578	64,578
		25,060,188	6,504,067	4,447,528	5,417,138	4,564,575	45,993,496	42,831,537
At 31 December 2019								
Trade and other payables	–	3,637,172	492,551	115,491	205,973	–	4,451,187	4,451,187
Bank and other borrowings								
– variable interest rate	4.34	6,782,824	3,059,831	1,536,859	3,382,920	1,311,977	16,074,411	14,648,590
Bank and other borrowings								
– fixed interest rate	4.24	1,647,407	2,419,456	–	336,702	417,336	4,820,901	4,624,717
Short-term debentures	3.48	6,126,937	–	–	–	–	6,126,937	6,076,941
Medium-term notes	5.17	197,755	197,755	3,697,755	–	–	4,093,265	3,560,377
Corporate bonds	3.64	36,758	36,758	1,036,758	–	–	1,110,274	1,004,515
Amounts due to related parties	–	138,243	–	–	–	–	138,243	138,243
Lease liabilities	4.90	46,535	31,584	39,829	42,694	670,119	830,761	587,400
Derivative financial liabilities	–	8,707	7,539	2,315	8,979	43,549	71,089	71,089
		18,622,338	6,245,474	6,429,007	3,977,268	2,442,981	37,717,068	35,163,059

50. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities	Fair value as at 31 December 2020	Fair value as at 31 December 2019	Fair value hierarchy	Valuation technique and key input
(1) Listed held for trading shares *(see Note 30)*	**Listed equity securities in Hong Kong: Electric power industry – RMB196,043,000**	Listed equity securities in Hong Kong: Electric power industry – RMB259,880,000	Level 1	Quoted bid price in an active market.
(2) Interest rate swaps classified as derivatives on the consolidated statement of financial position *(see Note 37)*	**Liabilities – RMB21,068,000**	Assets – RMB7,597,000 Liabilities – RMB30,048,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparty.
(3) Private equity investments at FVTOCI *(see Note 25)*	**Private equity investments in the PRC: (i) Electric power industry – RMB66,911,000**	Private equity investments in the PRC: (i) Electric power industry – RMB61,313,000 (ii) Financial business – RMB81,000,000	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the equity fair value of the estimated future cash flows expected to arise from dividends to be received from the investment per the dividend, based on an appropriate discount rate.
(4) Fixed forward commodity contract classified as a derivative on the consolidated statement of financial position *(see Note 37)*	**Liabilities – RMB43,510,000**	Liabilities – RMB41,041,000	Level 3 *(note)*	Discounted cash flow. Future cash flows are estimated based on spot electricity price, contract forward price and generators' utilization hours, discounted at a rate that reflects the credit risk of a counterparty. Discount rates are 2.31% and 1.15% for 31 December 2020 and 2019 respectively.

50. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

Note: The significant unobservable input is spot electricity price. A slight increase in the spot electricity price used in isolation would result in a significant decrease in the fair value of the derivative on fixed forward commodity contract and vice versa. A 5% increase in the spot electricity price holding all other variables constant would increase the fair value of the derivative financial liability by RMB29,121,000 (2019: increase the fair value of the derivative financial liability by RMB36,900,000).

In estimating the fair value of an asset where Level 1 inputs are not available, the management of the Group works closely with external valuers to establish the appropriate valuation techniques and inputs to the model.

There were no transfers among different levels during both years.

Some of the Group's financial assets and financial liabilities are measured at amortised cost at the end of the reporting period. Their fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the fixed rate bank and other borrowings (Note 34) and medium-term notes/corporate bonds (Note 36), the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

Reconciliation of level 3 fair value measurement is as follows:

Fixed forward commodity contract	**Year ended 31 December**	
	2020	2019
	RMB'000	*RMB'000*
At 1 January	**(41,041)**	(15,811)
Fair value loss recognised in profit or loss	**(1,300)**	(26,651)
Effect of foreign currency exchange difference	**(1,169)**	1,421
At 31 December	**(43,510)**	(41,041)

Private equity investments at FVTOCI

Included in other comprehensive income is an amount of RMB9,026,000, being gain relating to unlisted equity investments classified as equity instruments at FVTOCI (2019: gain of RMB 6,072,000).

51. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank and other borrowings	Short-term debentures	Medium-term notes	Corporate bond	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2019 (restated)	18,688,913	6,086,848	3,570,283	–	209,372	28,555,416
Financing cash flows	(1,148,736)	(86,848)	(80,189)	1,000,000	(13,569)	(329,342)
Accrued interest	31,585	76,941	70,283	4,515	12,694	196,018
Effect of foreign currency exchange difference	2,165	–	–	–	–	2,165
Additions of lease liabilities *(Note 44)*	–	–	–	–	164,262	164,262
Acquisition of subsidiaries	1,699,380	–	–	–	214,641	1,914,021
At 31 December 2019	19,273,307	6,076,941	3,560,377	1,004,515	587,400	30,502,540
At 1 January 2020	**19,273,307**	**6,076,941**	**3,560,377**	**1,004,515**	**587,400**	**30,502,540**
Financing cash flows	**3,592,943**	**923,059**	**928,302**	**994,769**	**(49,321)**	**6,389,752**
Accrued interest	**29,651**	**60,658**	**96,656**	**26,128**	**27,927**	**241,020**
Effect of foreign currency exchange difference	**(62,261)**	**–**	**–**	**–**	**–**	**(62,261)**
Additions of lease liabilities	**–**	**–**	**–**	**–**	**309,844**	**309,844**
Acquisition of subsidiaries *(Note 44)*	**380,950**	**–**	**–**	**–**	**25,145**	**406,095**
At 31 December 2020	**23,214,590**	**7,060,658**	**4,585,335**	**2,025,412**	**900,995**	**37,786,990**

52. SUBSIDIARIES

General information of subsidiaries

Details of the Company's subsidiaries at 31 December 2020 and 2019 are set out below:

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company Direct 2020	Direct 2019	Indirect 2020	Indirect 2019	Proportion of voting rights held by the Group 2020	2019	Principal activities
北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Co., Ltd.)* ("Taiyanggong Power")	PRC	RMB747,297,000	**74%**	74%	**-**	-	**74%**	74%	Gas-fired power and heat energy generation
北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.)*	PRC	RMB876,780,000	**100%**	100%	**-**	-	**100%**	100%	Gas-fired power and heat energy generation
北京京豐燃氣發電有限責任公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd.)*	PRC	RMB325,770,000	**100%**	100%	**-**	-	**100%**	100%	Gas-fired power and heat energy generation
北京京能高安屯燃氣熱電有限責任公司 (Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd.)*	PRC	RMB760,512,000	**100%**	100%	**-**	-	**100%**	100%	Gas-fired power and heat energy generation
北京京西燃氣熱電有限公司 (Beijing Jingneng Jingxi Gas-fired Power Co., Ltd.)*	PRC	RMB1,010,000,000	**100%**	100%	**-**	-	**100%**	100%	Gas-fired power and heat energy generation
Shangzhuang Power	PRC	RMB775,538,000	**100%**	100%	**-**	-	**100%**	100%	Gas-fired power and heat energy generation
Heishui HydroPower	PRC	RMB231,770,000	**100%**	100%	**-**	-	**100%**	100%	Water power generation
盈江華富水電開發有限公司 (Yingjiang Hua Fu HydroPower Development Co., Ltd.)*	PRC	RMB413,600,000	**100%**	100%	**-**	-	**100%**	100%	Water power generation
騰沖縣猴橋永興河水電開發有限公司 (Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd.)*	PRC	RMB74,876,000	**100%**	100%	**-**	-	**100%**	100%	Water power generation
Sichuan Dachuan	PRC	RMB130,000,000	**100%**	100%	**-**	-	**100%**	100%	Water power generation
Sichuan Zhongneng	PRC	RMB90,000,000	**100%**	100%	**-**	-	**100%**	100%	Water power generation
成都金華能電力實業有限責任公司 (Chengdu Jinhuaneng Power Co., Ltd.)*	PRC	RMB40,000,000	**-**	-	**100%**	100%	**100%**	100%	Repair and maintenance

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect				
			2020	2019	2020	2019	2020	2019	
內蒙古京能商都風力發電有限責任公司 (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd.)*	PRC	RMB207,520,000	100%	100%	-	-	100%	100%	Wind power generation
New Energy	PRC	RMB2,719,390,000	100%	100%	-	-	100%	100%	Investment management and wind power generation
內蒙古京能察右中風力發電有限責任公司 (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd.)*	PRC	RMB313,641,000	100%	100%	-	-	100%	100%	Wind power generation
錫林郭勒吉相華亞風力發電有限責任公司 (Xilinguole Jixianghuaya Wind Power Co., Ltd.)*	PRC	RMB340,198,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能烏蘭伊力更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd.)*	PRC	RMB792,350,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
左雲京能風力發電有限責任公司 (Zuoyun Jingneng Wind Power Co., Ltd.)*	PRC	RMB85,790,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd.)*	PRC	RMB118,890,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
內蒙古霍林郭勒風力發電有限責任公司 (Inner Mongolia Huolinguole Wind Power Co., Ltd.)*	PRC	RMB129,220,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能巴林右風力發電有限責任公司 (Inner Mongolia Jingneng Balinyou Wind Power Co., Ltd.)*	PRC	RMB149,290,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能科右中風力發電有限責任公司 (Inner Mongolia Jingneng Keyouzhong Wind Power Co., Ltd.)*	PRC	RMB78,000,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能旗杆風力發電有限公司 (Inner Mongolia Jingneng Qigan Wind Power Co., Ltd.)*	PRC	RMB73,000,000	100%	100%	-	-	100%	100%	Wind power generation

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company Direct 2020	Direct 2019	Indirect 2020	Indirect 2019	Proportion of voting rights held by the Group 2020	2019	Principal activities
內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd.)*	PRC	RMB415,140,000	100%	100%	-	-	100%	100%	Wind power generation
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Ltd.)*	PRC	RMB414,598,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd.)*	PRC	RMB411,327,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
五家渠京能新能源有限責任公司 (Wujiaqu Jingneng New Energy Co., Ltd.)*	PRC	RMB397,264,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
寧夏京能中衛有限公司 (Ningxia Jingneng Zhongwei Co., Ltd.)*	PRC	RMB56,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Weilai Gas	PRC	RMB293,899,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
建湖京能新能源有限公司 (Jianhu Jingneng New Energy Co., Ltd.)*	PRC	RMB54,760,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
寧夏賀蘭京能新能源有限公司 (Ningxia Helan Jingneng New Energy Co., Ltd.)*	PRC	RMB56,760,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
寧夏中寧縣京能新能源有限公司 (Ningxia Zhongning County New Energy Co., Ltd.)*	PRC	RMB471,096,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
格爾木京能新能源有限公司 (Golmud Jingneng New Energy Co., Ltd.)*	PRC	RMB205,360,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Qianxi Power	PRC	RMB93,147,000	100%	60%	-	-	100%	60%	Photovoltaic power generation
Jingneng HK	Hong Kong, China	HK$77,657,000	100%	100%	-	-	100%	100%	Investment holding

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect				
			2020	2019	2020	2019	2020	2019	
New GRWF	Australia	AU$132,460,000	-	–	100%	100%	100%	100%	Wind power generation
Gullen Solar Pty Ltd.	Australia	AU$6,500,000	-	–	100%	100%	100%	100%	Photovoltaic power generation
深圳京能清潔能源融資租賃有限公司 (Shenzhen Jingneng Clean Energy Finance Lease Co., Ltd.)*	PRC	RMB305,998,000	-	–	100%	100%	100%	100%	Finance lease
府谷縣京能新能源有限公司 (Fugu Jingneng New Energy Co., Ltd.)*	PRC	RMB151,160,000	100%	100%	-	–	100%	100%	Wind power generation
共和京能清潔能源有限公司 (Gonghe Jingneng Clean Energy Co., Ltd.)*	PRC	RMB155,620,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
寧夏海原京能新能源有限公司 (Ningxia Haiyuan Jingneng New Energy Co. Ltd.)*	PRC	RMB36,100,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
大同京能新能源有限公司 (Datong Jingneng New Energy Co. Ltd.)*	PRC	RMB170,000,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
靖遠京能新能源有限公司 (Jingyuan Jingneng New Energy Co., Ltd.)*	PRC	RMB79,450,000	100%	100%	-	–	100%	100%	Wind power generation
徐聞京能新能源有限公司 (Xuwen Jingneng New Energy Co., Ltd.)*	PRC	RMB188,890,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
北票京能新能源有限公司 (Beipiao Jingneng New Energy Co., Ltd.)*	PRC	RMB58,610,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
朝陽縣京能新能源有限公司 (Chaoyang Jingneng New Energy Co., Ltd.)*	PRC	RMB30,660,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
縉雲縣京能新能源有限公司 (Jinyun Jingneng New Energy Co., Ltd.)*	PRC	RMB21,010,000	100%	100%	-	–	100%	100%	Photovoltaic power generation
葫蘆島南票京泰新能源有限公司 (Huludao Nanpiao Jingtai Jingneng New Energy Co., Ltd.)*	PRC	RMB30,600,000	100%	100%	-	–	100%	100%	Photovoltaic power generation

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect				
			2020	2019	2020	2019	2020	2019	
葫蘆島南票萬和新能源有限公司 (Huludao Nanpiao Wanhe Jingneng New Energy Co., Ltd.)*	PRC	RMB30,552,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd.	Australia	AU$115,600,000	-	-	100%	100%	100%	100%	Investment holding
共和源通光伏發電有限公司 (Gongheyuantong Photovoltaic Power Co., Ltd.)*	PRC	RMB17,990,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
凌海京鑫新能源有限公司 (Linghai Jingxin New Energy Co., Ltd.)*	PRC	-	100%	100%	-	-	100%	100%	Photovoltaic power generation
東源天華陽光新能源電力有限公司 (Dongyuan Tianhua Yangguang New Energy Power Co., Ltd.)*	PRC	RMB148,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
益陽大通湖東大光伏發電有限公司 (Yiyang Datonghu Dongda Photovoltaic Power Co., Ltd.)*	PRC	RMB280,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
凌源東大光伏發電有限公司 (Lingyuan Dongda Photovoltaic Power Co., Ltd.)*	PRC	RMB60,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Newtricity Biala Pty Ltd.	Australia	AU$65,400,000	-	-	100%	100%	100%	100%	Wind power generation
湘陰縣晶和新能源有限公司 (Xiangyinxian Jinghe New Energy Power Co., Ltd.)*	PRC	RMB106,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
深州電陽新能源有限公司 (Shenzhou Dianyang New Energy Power Co., Ltd.)*	PRC	RMB15,455,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
京能懷南河北風電有限責任公司 (Jingneng Huainan Hebei Wind Power Co., Ltd.)*	PRC	RMB87,320,000	100%	100%	-	-	100%	100%	Wind power generation
海興京興新能源有限公司 (Haixing Jingxing New Energy Power Co., Ltd.)*	PRC	RMB10,000,000	49%	49%	-	-	100%	100%	Photovoltaic power generation
壽陽京壽光伏發電有限公司 (Shouyang Jingshou Photovoltaic Power Co., Ltd.)*	PRC	RMB10,000,000	49%	49%	-	-	100%	100%	Photovoltaic power generation

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect				
			2020	2019	2020	2019	2020	2019	
渾源京晶新能源有限公司 (Hunyuan Jingjing New Energy Power Co., Ltd.)*	PRC	RMB10,000,000	49%	49%	-	-	100%	100%	Photovoltaic power generation
內蒙古京能蘇尼特風力發電有限公司 (Neimenggu Jingneng Sunite Wind Power Co., Ltd.)*	PRC	RMB451,680,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
京能新能源(蘇尼特右旗)風力發電有限公司 (Jingneng New Energy (Sunite) Wind Power Co., Ltd.)*	PRC	-	100%	100%	-	-	100%	100%	Wind power generation
潤峰格爾木電力有限公司 (Runfeng Golmud Power Co., Ltd.)*	PRC	RMB23,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
天津團泊昱合光伏科技有限公司 (Tianjin Tuanpe Yuhe Photovoltaic Technology Co., Ltd.)*	PRC	RMB50,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
天津團泊明瑞新能源有限公司 (Tianjin Tuanbo Mingrui New Energy Co., Ltd.)*	PRC	RMB40,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
天津永能光伏發電有限公司 (Tianjin Yongneng Photovoltaic Power Generation Co., Ltd.)*	PRC	RMB92,800,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
天津團泊昱隆光伏科技有限公司 (Tianjin Tuanpoyulong Photovoltaic Technology Co., Ltd.)*	PRC	RMB120,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
天津團泊昱宏光伏科技有限公司 (Tianjin Tuanpoyuhong Photovoltaic Technology Co., Ltd.)*	PRC	RMB130,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
常甯光聚電力開發有限公司 (Changning Guangju Power Development Co., Ltd.)*	PRC	RMB22,700,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
陸豐市明大新能源科技有限公司 (Lufeng Mingda New Energy Technology Co., Ltd.)*	PRC	-	100%	100%	-	-	100%	100%	Photovoltaic power generation
常德潤勇新能源有限公司 (Changde Runyong New Energy Co., Ltd.)*	PRC	RMB11,830,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

52. SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect				
			2020	2019	2020	2019	2020	2019	
常德潤鵬新能源有限公司 (Changde Runpeng New Energy Co., Ltd.)*	PRC	RMB11,070,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
常德宏潤新能源有限公司 (Changde Hongrun New Energy Co., Ltd.)*	PRC	RMB9,390,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
常德瑞露新能源有限公司 (Changde Ruilu New Energy Co., Ltd.)*	PRC	RMB1,360,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
漢壽縣潤鑫新能源有限公司 (Hanshou Runxin New Energy Co., Ltd.)*	PRC	RMB9,150,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
陽西清芸陽光新能源科技有限公司 (Yangxi Qingyun Sunshine New Energy Technology Co., Ltd.)*	PRC	RMB27,200,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
惠州市永景新能源科技有限公司 (Huizhou Yongjing New Energy Technology Co., Ltd.)*	PRC	-	100%	100%	-	-	100%	100%	Photovoltaic power generation
陽江華晶綠色能源科技有限公司 (Yangjiang Huajing Green Energy Technology Co., Ltd.)*	PRC	RMB181,731,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
張北京能清潔能源有限公司 (Zhangbei Jingneng Clean Energy Co., Limited)*	PRC	RMB100,730,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
尚義京能新能源有限公司 (Shangyi Jingneng New Energy Co., Limited)*	PRC	RMB150,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
康保新京清潔能源有限公司 (Kangbao Xinjing Clean Energy Co., Limited)*	PRC	RMB249,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

* English name for identification purpose

Note: All of the subsidiaries of the Company registered in the PRC above and the subsidiaries acquired this year as detailed in Note 44 are wholly-domestic owned companies with limited liability under PRC Law.

52. SUBSIDIARIES *(continued)*

The table below shows details of a non-wholly owned subsidiary of the Company that have material non-controlling interests:

Name of subsidiary	Incorporation/ establishment/ registration and operation	Proportion ownership interest held by non-controlling interests		Profit allocated to non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
		%	*%*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Taiyanggong Power	PRC	**26**	26	**60,645**	73,717	**60,645**	73,717	**332,315**	337,661

Summarised financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Taiyanggong Power	**2020** ***RMB'000***	2019 *RMB'000*
Current assets	**482,862**	549,590
Non-current assets	**1,082,747**	1,288,150
Current liabilities	**263,091**	518,325
Non-current liabilities	**24,379**	20,714
Revenue	**2,084,698**	2,081,775
Profit and total comprehensive income for the year	**233,250**	283,527
Dividends declared to non-controlling interests	**65,991**	65,320
Net cash generated from operating activities	**448,886**	519,750
Net cash from (used in) investing activities	**13,986**	(119,520)
Net cash used in financing activities	**(527,437)**	(524,856)
Net cash outflow	**(64,565)**	(124,626)

53. EVENT AFTER THE END OF THE REPORTING PERIOD

During the year, BEH, the controlling shareholder of the Company, indicating its intention to make a conditional voluntary cash general offer for all the H shares (other than those H shares owned or agreed to be acquired by BEH or parties acting in concert with it) in the Company (the "Offer"), which if proceeded with, could result in a delisting of the Company from the Stock Exchange. The Offer is conditional on minimum valid acceptances of the Offer being received by 1 March 2021 amounting to at least 90% of the H Shares held by the shareholders other than BEH and other parties acting in concert with it (the "Independent H Shareholders"). Details of which are set out in a composite document published by the Company dated 31 December 2020.

As of 1 March 2021, BEH had received valid acceptances under the Offer in respect of 1,207,310,872 H Shares held by the Independent H Shareholders, representing approximately 80.22% of the total issued H Shares held by the Independent H Shareholders, and the conditions of the Offer were not yet met. As a result, the Offer and the delisting will not be processed. Details of which are set out in the joint announcement published by the Company and BEH dated 1 March 2021.

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**1,190,407**	1,303,362
Right-of-use assets	**15,742**	21,491
Intangible assets	**19,571**	14,452
Investments in subsidiaries	**16,857,908**	15,740,014
Investments in associates	**2,410,328**	917,030
Loans to associates	**117,000**	134,000
Investment in a joint venture	**130,904**	152,967
Loans to a joint venture	**70,000**	15,000
Loans to subsidiaries	**4,257,500**	2,609,000
Deferred tax assets	**37,913**	39,162
Financial assets at FVTOCI	**–**	81,000
Value-add tax recoverable	**3,423**	6,926
Prepayments for acquisition of property, plant and equipment	**8,319**	172,425
	25,119,015	21,206,829
Current assets		
Inventories	**1,652**	2,051
Trade and bills receivables	**361,035**	212,442
Other receivables, deposits and prepayments	**266,875**	110,531
Loans to a joint venture	**–**	60,000
Loans to subsidiaries	**11,399,500**	10,311,500
Amounts due from related parties	**2,496**	8,474
Amounts due from subsidiaries	**6,370,820**	5,764,247
Value-added tax recoverable	**5,425**	5,074
Cash and cash equivalents	**847,395**	475,043
	19,255,198	16,949,362

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

	At 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current liabilities		
Trade and other payables	**140,202**	348,369
Amounts due to related parties	**2,910**	2,579
Amounts due to a subsidiary	**771,264**	2,275,619
Bank and other borrowings – due within one year	**6,770,277**	2,767,000
Short-term debentures	**7,060,658**	6,076,941
Medium-term notes	**96,656**	70,283
Corporate bonds	**26,128**	4,873
Lease liabilities	**497**	1,561
Income tax payable	**4,377**	7,446
Deferred income	**1,949**	1,273
	14,874,918	11,555,944
Net current assets	**4,380,280**	5,393,418
Total assets less current liabilities	**29,499,295**	26,600,247
Non-current liabilities		
Bank and other borrowings – due after one year	**1,029,500**	2,603,250
Medium-term notes	**4,488,679**	3,490,094
Corporate bonds	**1,999,284**	999,642
Deferred tax liabilities	**2,792**	2,053
Deferred income	**84,099**	93,254
Lease liabilities	**11,806**	15,581
	7,616,160	7,203,874
Net assets	**21,883,135**	19,396,373
Capital and reserves		
Share capital	**8,244,508**	8,244,508
Reserves	**12,113,045**	11,151,865
Perpetual notes	**1,525,582**	–
Total equity	**21,883,135**	19,396,373

54. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Other reserve *RMB'000*	Fair value through other comprehensive income reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*
At 1 January 2019	4,287,401	992,257	–	12,750	4,705,214	9,997,622
Profit and total comprehensive income for the year	–	–	–	3,000	1,701,152	1,704,152
Appropriation to statutory surplus reserve	–	169,799	–	–	(169,799)	–
Dividend declared	–	–	–	–	(549,909)	(549,909)
At 31 December 2019	**4,287,401**	**1,162,056**	**–**	**15,750**	**5,686,658**	**11,151,865**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**8,678**	**1,561,113**	**1,569,791**
Share of other comprehensive expense of an associate	**–**	**–**	**–**	**(4,666)**	**–**	**(4,666)**
Appropriation to statutory surplus reserve	**–**	**152,240**	**–**	**–**	**(152,240)**	**–**
Dividend declared	**–**	**–**	**–**	**–**	**(595,253)**	**(595,253)**
Transfer of fair value reserve upon changing from equity investments at FVTOCI to long-term equity investments	**–**	**–**	**–**	**(24,428)**	**24,428**	**–**
Others	**–**	**–**	**(8,692)**	**–**	**–**	**(8,692)**
At 31 December 2020	**4,287,401**	**1,314,296**	**(8,692)**	**(4,666)**	**6,524,706**	**12,113,045**

Definitions

"Articles of Association"	Articles of association of the Company
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd)
"BEH"	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd)
"BEH Finance"	京能集團財務有限公司 (BEH Finance Co., Ltd)
"Beijing Energy Investment"	Beijing Energy Investment Holding (Hong Kong) Co., Ltd. (北京能源投資集團(香港)有限公司)
"Board of Directors" or "Board"	board of directors of the Company
"Board of Supervisors"	board of supervisors of the Company
"BSCOMC"	北京國有資本經營管理中心 (Beijing State-owned Capital Operation and Management Center)
"China" or "PRC"	the People's Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
"Company", "our Company", "JNCEC", "we" or "us"	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited)
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"H Shares"	overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
"HK$" or "Hong Kong dollars" or "HK dollars" or "HKD"	Hong Kong dollars, the lawful currency for the time being of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited

Definitions

"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
"Latest Practicable Date"	21 April 2021, being the latest practicable date for the inclusion of certain information in this annual report prior to its publication
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PBOC"	中國人民銀行 (People's Bank of China)
"Renminbi" or "RMB"	the lawful currency of the PRC
"SASAC"	國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each
"Supervisor(s)"	the supervisor(s) of the Company

Corporate Information

Registered Name	Beijing Jingneng Clean Energy Co., Limited
Directors	
Executive Director	Mr. ZHANG Fengyang *(Chairman)* Mr. CHEN Dayu *(General Manager)* Mr. GAO Yuming Mr. CAO Mansheng
Non-executive Directors	Mr. REN Qigui Ms. LI Juan Mr. WANG Bangyi
Independent Non-executive Directors	Mr. HUANG Xiang Mr. CHAN Yin Tsung Mr. HAN Xiaoping Mr. XU Daping
Strategy Committee	Mr. ZHANG Fengyang *(Chairman)* Mr. GAO Yuming Mr. CAO Mansheng Ms. LI Juan Mr. WANG Bangyi
Remuneration and Nomination Committee	Mr. HUANG Xiang *(Chairman)* Mr. HAN Xiaoping Mr. XU Daping
Audit Committee	Mr. CHAN Yin Tsung *(Chairman)* Ms. LI Juan Mr. HUANG Xiang
Legal and Compliance Management Committee	Mr. ZHANG Fengyang *(Chairman)* Mr. REN Qigui Mr. CHAN Yin Tsung
Supervisors	Mr. WANG Xiangneng Mr. SUN Li Mr. YANG Huixian
Company Secretary	Mr. KANG Jian

Corporate Information

Authorized Representatives	Mr. ZHANG Fengyang 7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC Mr. KANG Jian 7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
Registered Office	Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing District, Beijing, the PRC
Principal Place of Business in the PRC	7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
Principal Place of Business in Hong Kong	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Principal Bankers	China Merchants Bank Co., Ltd (Dongzhimen Branch) Floor 2, Tianheng Manson, No. 46 Dongzhimen Waidajie, Dongcheng District, Beijing, the PRC Bank of Communications Co., Ltd. (Fuwai Branch) Building 1, No. 9, Chegongzhuangdajie, Xicheng District, Beijing, the PRC Agricultural Bank of China Limited (Fengtai Branch) No. 9, East Avenue Street, Fengtai District, Beijing, the PRC Industrial and Commercial Bank of China Limited (Taoranting Branch) No. 55, Taoranting Road, Xicheng District, Beijing, the PRC

Corporate Information

International Auditors	Deloitte Touche Tohmatsu Registered Public Interest Entity Auditors Certified Public Accountants 35/F, One Pacific Place, 88 Queensway, Hong Kong
Domestic Auditors	Grant Thornton (Special General Partnership) 5th Floor, Scitech Place, 22 Jianguomen Wai Avenue, Chaoyang District, Beijing, the PRC
Hong Kong Legal Advisors	Freshfields Bruckhaus Deringer 55th Floor, One Island East, Taikoo Place Quarry Bay, Hong Kong
PRC Legal Advisors	Tian Yuan Law Firm 10/F, CPIC Plaza, 28 Fengsheng Lane, Xicheng District, Beijing, the PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Stock Code	579
Company's Website	www.jncec.com
Listing Place	The Stock Exchange of Hong Kong Limited