

SDIC Power Holdings Co., Ltd.

2020 Annual Report

Important Notice

- I. The board of directors, board of supervisors, directors, supervisors and senior executives of this Company ensure the authenticity, accuracy and integrity of the annual report, without any false record, misleading statement or major omission, and undertake the individual and joint responsibility.**
- II. All directors of this Company attend the board meeting.**
- III. BDO China Shu Lun Pan Certified Public Accountants LLP (special general partnership) has issued a standard and unqualified audit report for this Company's consolidated financial statements for the year ended 31 December 2020 prepared in compliance with PRC GAAP. BDO Limited, Certified Public Accountants, Hong Kong, has issued an unmodified audit report for this Company's consolidated financial statements for the year ended 31 December 2020 prepared in compliance with International Financial Reporting Standards as adopted by European Union.**
- IV. Zhu Jiwei - the leader of this Company, Zhou Changxin - the principal of accounting work and Zhang Song - the person in charge of accounting firm (accountant officer) declare that we can ensure the authenticity, accuracy and integrity of the financial report in annual report.**
- V. Profit distribution plan or plan of share capital increase from accumulation fund in report period reviewed by board of directors**

2020 Profit Distribution Plan reviewed at the 26th Meeting of the Company's 11th Board of Directors (hereinafter referred to as "Board"): The Board proposes to distribute the cash dividend at RMB 0.28 per share (tax included), totally RMB 1,950,444,537.16 (accounting for ca.[35.36]% of the Company's net profit attributable to shareholders of the listed company for the year), based on 6,965,873,347 shares at the end of 2020.

VI. Risk disclosure statement about forward-looking statement

"☒ Applicable" "☐ Not applicable"

The forward-looking statement of this Company about future development strategy and business plan shall not constitute any substantive commitment of this Company to investors. Investors shall pay attention to investment risk.

VII. Is there any non-operating capital occupation by the controlling shareholder and its related parties?

No

VIII. Is there any external guarantee violating the specified decision-making procedure?

No

IX. Whether more than half of the board of directors cannot guarantee the authenticity, accuracy and integrity of the annual report disclosed by the company?

No

X. Major risk notice

This Company analyzes the possible influence of relevant risks on company business and development in this report. For details, see the paragraph "(IV) Possible risk, III. Company discussion and analysis about future development, Section IV Discussion and analysis of operating conditions".

XI. Other

"☐ Applicable " "☒ Not applicable"

RESPONSIBILITY STATEMENT

For the purposes of the United Kingdom's Financial Conduct Authority's Transparency Rule 4.1.12(3), each director (whose names and functions are listed on page 71 to 76, to the best of his or her knowledge, confirms that:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and*
- the management report (being this annual report, excluding the financial statements referred to above (on pages F6 to F128) and the independent auditor's report thereon (on pages F1 to F5) includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.*

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Section I Interpretations

I. Interpretations

For the purpose of this report, the following words shall have the meanings as follows, unless otherwise specified:

| Interpretations of common words | | |
|----------------------------------|-------|--|
| CSRC | means | the China Securities Regulatory Commission |
| NDRC | means | the National Development and Reform Commission of the PRC |
| SASAC | means | the State-owned Assets Supervision and Administration Commission of the State Council |
| SSE | means | Shanghai Stock Exchange |
| SDIC | means | State Development & Investment Corp., Ltd., the controlling shareholder of the Company |
| Company or SDIC Power | means | SDIC Power Holdings Co., Ltd. |
| Yalong River Hydropower | means | Yalong River Hydropower Development Company Ltd. |
| SDIC Dachaoshan | means | SDIC Yunnan Dachaoshan Hydropower Co., Ltd. |
| SDIC Xiaosanxia | means | SDIC Gansu Xiaosanxia Power Co., Ltd. |
| SDIC Jinneng | means | Tianjin SDIC Jinneng Electric Power Co., Ltd. |
| SDIC Qinzhou | means | SDIC Qinzhou Electric Power Co., Ltd. |
| Huaxia Power | means | Xiamen Huaxia International Power Development Co., Ltd. |
| SDIC Panjiang | means | SDIC Panjiang Electric Power Co., Ltd. |
| SDIC Genting Meizhouwan | means | SDIC Genting Meizhouwan Electric Power Co., Ltd. |
| SDIC New Energy | means | SDIC New Energy Investment Co., Ltd. |
| SDIC Aksay | means | SDIC Aksay New Energy Co., Ltd. |
| Yunnan Metallurgical New Energy | means | Yunnan Metallurgical New Energy Co., Ltd. |
| Huzhou Xianghui | means | Huzhou Xianghui photovoltaic power generation Co., Ltd. |
| Toksun Tianhe | means | Toksun Tianhe Solar Power Co., Ltd. |
| Dingbian Angli | means | Dingbian Angli Photovoltaic Technology Co., Ltd. |
| Jingbian Solar Power | means | Jingbian County Zhiguang New Energy Development Co., Ltd. |
| Hengneng Solar Power | means | Xiangshui Hengneng Solar Power Generation Co., Ltd. |
| Yongneng Solar Power | means | Xiangshui Yongneng Solar Power Generation Co., Ltd. |
| Guyuan Solar Power | means | Guyuan County Guanghui New Energy Power Generation Co., Ltd. |
| Chabei Solar Energy | means | Zhangjiakou Jingke new energy Co., Ltd |
| SDIC Huanneng | means | SDIC Huanneng Electric Power Co., Ltd. |
| Newsky China | means | Newsky (China) Environment & Tech.Co., Ltd |
| SDIC KingRock | means | SDIC KingRock Overseas Investment Management Co., Ltd. |
| Gansu Electricity Sales | means | SDIC Gansu Electricity Sales Co., Ltd. |
| China Resources Power (Xuzhou) | means | China Resources Power (Xuzhou) Co., Ltd. |
| China Resources Power (Tongshan) | means | China Resources Power (Tongshan) Co., Ltd. |
| Jiangsu Ligang | means | Jiangsu Ligang Electric Power Co., Ltd. |
| Jiangyin Ligang | means | Jiangyin Ligang Power Stock Co., Ltd. |
| Ganneng Limited | means | Jiangxi Ganneng Co., Ltd. |
| GrandBlue Environment | means | GrandBlue Environment Co., Ltd. |
| Jaderock Investment, | means | Jaderock Investment Singapore Pte.Ltd. |
| Redrock investment | means | Redrock Investment Limited, a company |

| | | |
|---------------------------------------|-------|---|
| | | incorporated in the UK and a subsidiary of the Company |
| Red Rock Energy | means | Red Rock Power Limited |
| Inch Cape、ICOL | means | Inch Cape Offshore Limited |
| Beatrice、BOWL | means | Beatrice Offshore Windfarm Limited |
| Afton | means | Afton Wind Farm Limited |
| LLPL | means | Lestari Listrik Pte. Ltd. |
| PT.LBE | means | PT. Lestari Banten Energi |
| Installed capacity, installed | means | the sum of rated power of generating equipment |
| Total installed capacity | means | the sum of installed capacity of a company and its existing power plants in which the company holds share or controlling share |
| Holding installed capacity | means | the sum of installed capacity of a company and its existing power plants in which the company holds controlling share |
| Equity installed capacity | means | the sum of installed capacity multiplying by shareholding ratio of a company and its existing power plants in which the company holds share or controlling share |
| Generating capacity | means | the quantity of active energy generated from primary energy by generating set through processing, namely, the product of actual active power and actual run time of generator set |
| On-grid energy | means | the measured electricity generated by power plant and connected to the grid connection point, also known as sales electricity |
| Overall power consumption rate | means | the proportion of the power consumption of generating equipment and other power consumption during power generation in the generating capacity |
| Utilization hours | means | the operating hours when the generating capacity of generating equipment is converted to rated power within a period. this indicator is used to reflect the utilization of generating equipment calculated as per its nameplate capacity. |
| Standard coal | means | the ideal coal can generate the calorific value of 29,271.2 kJ per kilogram. |
| Coal consumption for power generation | means | the standard coal consumption per generating capacity |
| Coal consumption for power supply | means | the standard coal consumption per generating capacity |
| GDR | means | a global depositary receipt which represents A shares |

Section II Company Profile and Main Financial Indicators

I. Company information

| | |
|---------------------------------|-------------------------------|
| Chinese name of company | 国投电力控股股份有限公司 |
| Chinese abbreviation of company | 国投电力 |
| English name of company | SDIC Power Holdings Co., Ltd. |
| English abbreviation of company | SDIC Power |
| Legal representative of company | Zhu Jiwei |

II. Contact person and contact details

| | Board secretariat | Securities affairs representative |
|-----------------|--|--|
| Name | Yang Lin | Wang Weirong |
| Contact address | Floor 12, Building 147, Nanxiaojie Road, Xizhimen, Xicheng District, Beijing | Floor 12, Building 147, Nanxiaojie Road, Xizhimen, Xicheng District, Beijing |
| Tel | 010-88006378 | 010-88006378 |
| Fax | 010-88006368 | 010-88006368 |
| Email | gtdl@sdicpower.com | gtdl@sdicpower.com |

III. Basic information

| | |
|--|---|
| Registered address of company | Room 1108, Floor 11, Building 147, Nanxiaojie Road, Xizhimen, Xicheng District, Beijing |
| Post code of registered address of company | 100034 |
| Address of company office | Building 147, Nanxiaojie Road, Xizhimen, Xicheng District, Beijing |
| Post code of company office | 100034 |
| Company website | www.sdicpower.com |
| Email | gtdl@sdicpower.com |

IV. Information disclosure and preparation place

| | |
|--|---|
| Information disclosure media selected by the Company | <i>China Securities News, Shanghai Securities News</i> |
| Annual report website designated by CSRC | www.sse.com.cn |
| Annual report preparation place of the Company | Securities Department, Floor 12, Building 147, Nanxiaojie Road, Xizhimen, Xicheng District, Beijing |

V. Company stock information

| Company stock information | | | | |
|---------------------------|-------------------------|------------------------------|------------|----------------------------------|
| Stock type | Stock exchange | Stock abbreviation | Stock code | Stock abbreviation before change |
| A share | Shanghai Stock Exchange | SDIC | 600886 | Hubei Xinghua |
| GDR | London Stock Exchange | SDIC Power Holdings Co., Ltd | SDIC | |

VI. Other relevant information

| | | |
|---|---------|--|
| Accountancy firm hired by SDIC (domestic) | Name | BDO China Shu Lun Pan Certified Public Accountants LLP |
| | Address | 17-20F, Tower A, Zhonghai international center, No.5 Anding Road, Chaoyang District, Beijing |

| | | |
|---|------------------------------|--|
| | Certified Public Accountants | Zhao Bin, Pei Zhichao |
| Accountancy firm hired by SDIC (overseas) | Name | BDO Limited, Certified Public Accountants, Hong Kong |
| | Address | 25 th Floor Wing On Centre, 111 Connaught Road Central, Hong Kong |
| | Certified Public Accountants | Tsui Ka Che, Norman |

VII. Key Accounting Data and Financial Indicators for the Past Three Years

(I) Key accounting data

Unit: Million Yuan Currency: RMB

| Item | 2020 | 2019 | Increase or decrease (%) | 2018 |
|--|----------|----------|--------------------------|----------|
| Total revenue | 39,320.4 | 37,752.0 | 4.15 | 36,485.8 |
| Operating profit | 14,556.4 | 14,083.3 | 3.36 | 14,531.3 |
| Profit before tax from continuing operations | 11,165.9 | 10,197.1 | 9.50 | 10,328.0 |
| Profit for the year | 9,774.4 | 8,692.9 | 12.44 | 8,315.6 |
| Profit of this year-attributable to owner of the company | 5,513.8 | 4,726.5 | 16.66 | 4,329.2 |
| Net cash (used in)/generated from operating activities | 20,647.3 | 20,235.5 | 2.04 | 19,132.9 |

| Item | At the end of 2020 | At the end of 2019 | Increase or decrease, (%) | At the end of 2018 |
|--|--------------------|--------------------|---------------------------|--------------------|
| Total assets | 229,020.9 | 224,839.7 | 1.86 | 220,836.5 |
| Total liabilities | 146,439.5 | 150,447.7 | -2.66 | 150,653.4 |
| Total equity attributable to shareholders of the Company | 47,222.7 | 40,380.2 | 16.95 | 37,691.7 |
| Total equities | 82,581.4 | 74,392.0 | 11.01 | 70,183.1 |

(II) Key financial indicators

| Key financial indexes | 2020 | 2019 | Increase or decrease, (%) | 2018 |
|---|------|------|---------------------------|------|
| Operating profit margin(%) | 37.0 | 37.3 | -0.80 | 39.8 |
| Net profit margin(%) | 24.9 | 23.0 | 8.26 | 22.8 |
| Earnings per share (RMB) | 0.78 | 0.67 | 16.59 | 0.62 |
| Earnings per share from continuing operations (RMB) | 0.70 | 0.64 | 9.64 | 0.67 |

VIII. Difference between accounting data under PRC GAAP and International Financial Reporting Standards

(I) Differences between the profit and the equity attributed to owners of the company in financial report disclosed in accordance with PRC accounting standards (“PRC GAAP”) and International Financial Reporting Standards (“IFRSs”) at the same time

Unit: Million Yuan Currency: RMB

| | Profit for the year attributable to owners of the company | | Equity attributable to owner of the company | |
|---------------|---|---------|---|----------|
| | 2020 | 2019 | 2020 | 2019 |
| Amounts under | 5,515.6 | 4,755.5 | 47,226.7 | 40,382.5 |

| | | | | |
|--|---------|---------|----------|----------|
| PRC GAAP | | | | |
| Adjustment: | | | | |
| The transfer of water supply, power supply, heating and property to government without consideration | | (26.8) | | |
| Effect of IFRS 16 | (1.8) | (2.2) | (4.0) | (2.2) |
| Amounts under IFRSs | 5,513.8 | 4,726.5 | 47,222.7 | 40,380.3 |

IX. Quarterly key financial data in 2020

Unit: Million Yuan Currency: RMB

| | 1 st quarter (Jan. to Mar.) | 2 nd quarter (Apr. to Jun.) | 3 rd quarter (Jul. to Sept.) | 4 th quarter (Aug. to Dec.) |
|--|---|---|--|---|
| Total revenue | 7,584.8 | 9,885.5 | 12,205.7 | 9,644.4 |
| Net profits attributed to shareholders of listed company | 1,477.1 | 1,597.6 | 2,134.8 | 304.3 |
| Net cash (used in)/generated from operating activities | 3,457.2 | 5,258.8 | 7,180.2 | 4,847.1 |

X. Items measured at fair value

Unit: Million Yuan Currency: RMB

| Item | Beginning balance of the period | Closing balance of the period | Change in the current period | Affect amount of current profit |
|--|---------------------------------|-------------------------------|------------------------------|---------------------------------|
| ST Yunwei | 6.4 | 9.6 | 3.3 | -3.5 |
| Exchangable bonds of Zhejiang Energy Group CP Ltd. | 852.8 | 846.2 | -6.6 | 8.5 |
| Convertible bonds of Grandblue Environment Co., Ltd. | - | - | - | 9.0 |
| Convertible bonds of Zhongmin Energy Co., Ltd. | - | 90.3 | 90.3 | 11.3 |
| Guian New Area | 68.3 | 52.4 | -15.9 | - |
| Yunnan Coal and Chemical Industry Group Co., Ltd. | 20.8 | 54.2 | 33.4 | - |
| National Coal Transaction Center | 12.0 | 12.0 | - | - |
| Beijing Electricity Transaction Center | 6.6 | 6.6 | - | - |
| SDIC Hami Industry | 8.4 | 8.5 | 0.1 | - |
| Tianjin Electricity Transaction Center | - | 3.0 | 3.0 | - |
| Sichuan Electricity Transaction Center | - | 1.3 | 1.3 | - |
| Contingent consideration of ICOL equities | - | 93.3 | 93.3 | - |

Section III General on Company Business

I. Description on main business, operation mode and industry condition of the Company in report period

(I) Main business of the Company

The business scope of the Company mainly includes the investment, construction, operation and management of power-generation-dominated energy projects, the development and operation of new energy projects and high-tech and environment protection industries, the development and operation of auxiliary products of electric power and the information and consultation service. Among these, the power generation business is a core business of the Company, accounting for more than 95% of total operating income of the Company. In order to adapt to the reformation of electric power system and market changes, meanwhile, the Company is developing the relevant business dominated by energy development and power generation.

(II) Operation mode of the Company

The Company, as an early enterprise implementing modern enterprise system, is mainly engaged in construction and operation of various types of energy and power projects in the form of equity investment.

(III) Industry situation of company position in industry

1. Description on electric power industry

According to the report of China Electricity Council, the electricity consumption in 2020 is 7,510 billion kWh throughout the country, increasing by 3.1% year on year. **By quarter:** The growth rate of electricity consumption in each quarter is -6.5%, 3.9%, 5.8% and 8.1% respectively. The steady recovery of economic operation is the main reason for the rise of electricity consumption growth. **By industry:** the electricity consumption of the primary, secondary and tertiary industries is 85.9, 5,120 and 1,210 billion kWh with 10.2%, 2.5% and 1.9% year-on-year increase respectively; the domestic consumption for urban and rural residents is 1,090 billion kWh with 6.9% year-on-year increase. **By region:** the total electricity consumption is increased by 2.1%, 2.4%, 5.6% and 1.6% in the east, middle, west and northeast regions respectively. In China, 27 provinces have realized positive growth in electricity consumption. Among them, 8 provinces, including Yunnan, Sichuan, Gansu, Inner Mongolia, Tibet, Guangxi, Jiangxi and Anhui, grow by more than 5%.

By the end of 2020, the national installed power-generating capacity in full aperture is 2.2 billion kWh with 9.5% year-on-year increase. During the 13th Five-Year Plan period, the annual average growth rate of national installed power-generating capacity in full aperture is 7.6%, of which the installed capacity of newly-increased non-fossil energy power generation grows by 13.1% annually, and the proportion of total installed capacity of non-fossil energy increases from 34.8% at the end of 2015 to 44.8% at the end of 2020, an increase of 10 percentage points. The average annual growth rate of coal energy installed capacity is 3.7%, and the proportion of coal energy installed capacity in total installed capacity decreases from 59.0% at the end of 2015 to 49.1% at the end of 2020. In 2020, the national newly-increased installed generating capacity is 190,870,000kW with a year-on-year increase of 85,870,000kW, of which the installed generating capacity of wind energy and solar energy is 71,670,000kW and 48,200,000kW. The newly-increased installed generating capacity of wind energy sets a new record.

In 2020, the utilization hours of national power generating equipment are 3,758 hours with a year-on-year decrease of 70 hours. Among these, the utilization hours are respectively 3,827 hours firstly exceeding 3,800 hours for years with a year-on-year increase of 130 hours for hydropower equipment; 7,453 hours with a year-on-year increase of 59 hours for nuclear power equipment; 4,216 hours with a year-on-year decrease of 92 hours for thermal power equipment, among that 4,340 hours with a year-on-year decrease of 89 hours for coal power equipment; 2,073 hours with a year-on-year decrease of 10 hours for grid-connected wind power equipment and 1,281 hours with a year-on-year decrease of 10 hours for grid-connected solar power equipment.

In the 4th quarter of 2020, the supply of electricity-coal is in tight balance, and the market price of electricity-coal continues to rise. Affected by the economic recovery and low temperature, the demand for electricity-coal increases significantly in the 4th quarter, which pushes up its market price. As *China's coastal electricity coal index* (CECI coastal index) shows, the market electricity coal price continues to rise after entering the "red zone" in October.

2. Company position in industry

In terms of installation structure, the Company is an integrated electric power listed company dominated by clean energy and supplemented by hydropower, thermal power, wind power and solar power. With the holding installed capacity of hydropower of 16.77 million kW, it is the third largest listed company concerning the hydropower installed capacity and becomes the industry leader.

In terms of business distribution, the Company is an electric power listed company dominated by domestic development and supplemented by overseas extension and its domestic projects mainly distribute in Sichuan, Tianjin, Fujian, Guangxi, Yunnan, Gansu, Xinjiang, Guizhou, Qinghai, Shanxi, Jiangsu and Zhejiang provinces, etc.

In terms of profitability, although the market competition intensifies and the pressure of energy saving and environmental protection is relatively high, the Company enjoys the obvious advantages, excellent social and economic benefits and strong risk resistance capacity by the aid of its clean energy dominated power supply structure.

II. Description on major change of main assets of the Company within report period

☐ Applicable ☒ Not applicable

III. Analysis of core competence within report period

(I) Absolute controlling right in Yalong River Hydropower

Yalong River Hydropower, whose 52% shares are held by the Company, is the exclusive hydropower developer in Yalong River Basin, featuring unmatched advantages in reasonable development and unified dispatch. Yalong River Basin features rich water volume, concentrated drops, less hydropower inundation loss, prominent scale advantage, significant cascade compensation benefits. Moreover, this River is of both absorption and immigration advantages, presenting superior economic and technical indicators, and outstanding operational efficiency. The Yalong River is the third largest hydropower base among China's 13 largest hydropower bases with an exploitable capacity of over 30 GW. At the end of this Reporting Period, 14.7 GW have been put into production, 4.5 GW are under construction, and 1.02 GW have been approved for construction.

(II) Clean and high-efficiency energy accounts for a high proportion, green and low-carbon development shows obvious advantages

As of the end of 2020, its installed capacity of clean energy accounted for 62.67% of the Company's existing installed capacity. The installed hydropower capacity is stable, accounting for 52.71% of the total installed capacity; through greenfield construction and M&A, the installed capacity of wind power and solar power has been continuously increasing, reaching 3,171,500 kW, accounting for 9.96% of the total installed capacity. Policy priorities are available for the transmission and consumption of clean energies, so the Company's high proportion of clean energy presents an inherent advantage as low marginal cost. In the increasing marketization context, the Company shows strong pricing capabilities and guaranteed profitability.

The Company's thermal power plants are mainly consisted of high-parameter, large-scale units, without any unit below 300MW (excluding waste-to-energy). 1000MW units account for 67.53% of its controlled thermal power installed capacity; most of its controlled thermal power plants are located in the coastal provinces, presenting advantageous power generation costs, outstanding operating indicators. The Company actively responds to the national energy efficiency and emission reduction policies, and continuously improves its energy efficiency and environmental protection level of thermal power units, 100% equipped with desulfurization, denitration and dust removal devices. According to the statistics of installed capacity, the Company's ultra-low emission units account for nearly 95% of its installed capacities.

(III) A professional manager system is established to maximize the Company's management vitality

Through establishing a professional manager system, the Company has strengthened its top management's market awareness and contract awareness, and created an internal atmosphere of free workforce flow and performance-oriented salary; and realized its professional managers be contractized, marketized and professionalized, so as to efficiently consummate the Company's governance structure and effectively stimulate the vitality of its executive management and development momentum of the entire company.

(IV) Mature investment and management experience in the power industry

The Company has always adhered to its "benefit first" investment management principle, and its profitability tops the similar power generation companies, thanks to its experienced and well-structured management and technical talents in investment, construction and operation management. Moreover, the Company's institutional system encourages management innovation and technical progress, providing powerful guarantee for the Company's management and business expansion.

(V) Mature experience in capital operation and strong support from key shareholders

Since its backdoor listing in 2002, the Company makes full uses of the financing measures like GDR, allotment, public offering, convertible bonds and corporate bonds to provide financial support for a large number of its high-quality under-construction and reserve projects at home and abroad, through the listed company platform. In this way, the Company's market value, assets, installed capacity, equity, and profits grow rapidly. Its accumulated rich experience in capital operation are favorable for the Company to continuously improve its internationalization and marketization level.

As the exclusive capital operation platform for the power business of SDIC, the Company has received strong support from SDIC during its development process. Through assets injection, the Company has acquired

such core assets as Yalong River Hydropower and SDIC Dachaoshan, making it grow stronger and bigger quickly.

Section IV Discussion and Analysis of Operating Conditions

I. Discussion and analysis of operating conditions

Facing the complex and changing domestic and international situation in 2020, the Company, under the strong leadership of the Board, firmly fulfilled its corporate social responsibilities, fully fought against COVID-19 pandemic, promoted the resumption of work and production, accelerated the promotion of transformation and upgrading, improved its quality and efficiency, completed its annual missions and goals in high quality, and achieved a successful conclusion to its "13th Five-Year Plan".

(I) Via transformation and upgrading, the business development achieved new breakthrough

Firstly, accelerating Yazhong DC into the construction stage, and Kala Project in the middle reach of Yalong River be approved via communicating and coordinating with multiple parties. Secondly, completing the acquisition of 8 new energy projects made the Company's energy projects be settled in several new provinces, reserving a large amount of developable resources. Thirdly, establishing a number of regional management companies in Jiangsu, Shanxi, Xinjiang, and Beijing-Tianjin-Hebei basically formed a new energy business division management and development model, laying a solid foundation for the "14th Five-Year Plan". Fourthly, continually promoting the transformation and upgrading of thermal power: a 660MW unit of Qinzhou Power Generation III was approved; substantial progress had been made in capacity replacement projects like Huaxia Power I, and the level of clean and efficient development of thermal power had been vitally improved. Fifthly, the equity transfer formalities of 6 thermal power companies had been completed, optimizing the Company's asset quality. Sixthly, participating in the allotment of Hanlan Environmental convertible bonds and subscribing to Zhongmin Energy convertible bonds obtained good investment returns. Seventhly, successfully completing GDR listing on London Stock Exchange for raising USD 220 million, helped the Company's internationalization process to a new height. Eighthly, actively deployed businesses in the "Belt and Road" countries like Indonesia, Myanmar, Cambodia and Philippines. Ninthly, continually expanded the renewable energy markets in developed countries, successfully completed the equity acquisition of the onshore wind power project in Sweden and expanded its international business domain to the Nordic Region.

(II) Through lean operation, the professional management was comprehensively improved

Firstly, consummated the power marketing system, and built up a marketing information system. In the context of the impact of the pandemic and the further reduction of energy costs for enterprises, the Company rushed to generate electricity, actively participated in local trading centers, increased information acquisition channels, and enhanced market voice rights. Targeted marketing training was carried out to improve the professional skills of business personnel. Secondly, implemented the management of thermal power companies and the lean management of fuel, with well-controlled calorific value difference and storage loss. Thirdly, strengthened the bidding and procurement management for consolidating the basis of procurement management, and controlling the annual procurement cost. Fourthly, fully realized the goal of "lowering leverage and reducing liabilities", continued to control "accounts receivable and inventory", minimized both the annual loss units and loss amount. Fifthly, strictly controlled cost, optimized capital expenditures, and actively strove for tax and fee reduction policies. Sixthly, continued the capital management for ensuring the fund safety and demand of invested companies at home and abroad. Seized the favorable opportunities from the decline of financing costs and the switching of interest rate, and took multiple measures to minimize the cost of debt financing. Steadily promoted

domestic and foreign financing, and efficiently completed the financing of multiple domestic and foreign projects to ensure the smooth progress of the projects.

(III) With multiple measures taken, both production and infrastructure construction were stable and orderly

Firstly, continually optimized production and infrastructure management systems; secondly, resumed work and production in an orderly manner, focusing on infrastructure process management and control, to optimize on-site construction organization for ensuring project safety, quality and schedule. Lianghekou and Yangfanggou hydropower projects on Yalong River had both successfully stored water, and Tongzilin Hydropower Station won "China Power Quality Project Award" from China Electric Power Construction Association (CEPCA). Under the impacts of multiple unfavorable factors such as COVID-19 pandemic and race to install wind turbines, all the new energy infrastructure projects under construction were put in operation on time. Thirdly, carried out in-depth "special rectification of production management issues" and organized invested companies to comprehensively sort out, investigate the problems and deficiencies in the production management process, and carried out special rectification work in a solid manner. Fourthly, actively carried out environmental protection and energy efficiency benchmarking, promoted the enterprise's energy conservation and environmental protection level to a new height, successfully completed the annual goal, and reached the advanced level of the power industry. Fifthly, continuously increased the intensity of scientific and technical innovation and strengthened exchanges and cooperation with well-known domestic scientific research institutions. Increased investment in scientific and technical innovation, increased scientific research expenses year-on-year, and used scientific and technical innovation to drive enterprises to improve quality and efficiency.

(IV) Being rigorous and stable, the management and control system was continuously improved

In term of legal construction and compliance management: Firstly, further promoted the in-depth integration of corporate operations and compliance, compiled and completed "Manual of Operational Compliance Management for SDIC Power Enterprise Principals", and refined the business compliance requirements into more than 400 key elements and bottom-line requirements in 13 categories to guide the principals of the invested company to perform their duties. Secondly, continually optimized the management and control interface between SDIC Power Division and the invested companies, and further strengthened the system construction and established scientific and efficient management and control systems by combing and improving the system hierarchy, decision-making body and management process. Thirdly, strengthened legal risk prevention and control, and improved risk prediction capability, proactive response capability, and resolution and disposal capability. Strengthened domestic and overseas project investment, M&A, operation management, and capital operation process management and control to ensure stable and compliant operations in accordance with laws and regulations.

In term of internal control and audit supervision: Firstly, grasped the "window period" when the pandemic prevention and control situation was improved. The pandemic prevention and control and audit supervision services were carried out simultaneously, totally 6 corporate audits and 4 special inspections had been completed. Secondly, further optimized the internal control system, strictly regulated management, and promoted the healthy development of the Company's business operations. Thirdly, actively carried out post-project evaluation work, summed up experiences and insufficiencies, and promoted continuous improvement of business development,

project investment and operation management capabilities. Fourthly, improved assets investment operation accountability mechanism, established the Company's illegal operation and investment accountability system, and further improved the management and control mechanism for domestic and foreign companies.

(V) Being pragmatic and innovative, the safety management was under control and controllable

Earnestly implemented the work requirements of the Board, strengthened pandemic prevention and control, and no cluster pandemic occurred throughout the year. Improved the long-term safety management mechanism, strengthened the implementation of responsibilities and risk hierarchical management, and no safety production accident occurred throughout the year.

Firstly, quickly established an emergency response team for pandemic prevention work, to coordinate the implementation of various pandemic prevention and control work at home and abroad, to promote the normalization of pandemic prevention work in an orderly manner, with sufficient stock of pandemic prevention materials, effective implementation of pandemic prevention measures, finally presenting good results in pandemic prevention and control. Secondly, strengthened the top-level design, formulated system construction and improvement plan and five-year plan, and accelerated the optimization and improvement of the safety, health and environmental management system. Thirdly, "look back" on safety inspection issues, three-year action for special rectification of safety production, improvement of basic management of hazardous chemicals, and contracting annual special works such as the annual business safety management to eliminate potential safety hazards and improve the management level; Fourthly, continually focused on system construction, standard building, and capacity building, and continued to consolidate the foundation of safety management. Fifthly, strengthened the safety management of construction projects and newly-acquired companies, quickly filled up the shortcomings of safety management.

II. Main operations within report period

(I) Analysis of main business

In 2020, the continuing operating income of the company is 39.32 billion Yuan, increased by 4.15% on year-on-year basis; operating cost is 21.68 billion Yuan, increased by 1.45% on a year-on-year basis. As of December 31, 2020, total assets of the company are 229.0 billion Yuan, increased by 4.2 billion Yuan than that at the beginning of period; total liabilities are 146.4 billion Yuan, decreased by 4.0 billion Yuan than that at the beginning of period. The asset-liability ratio at the end of report period is 63.94%, decreased by 2.97 percent points than that at the end of the previous period; equity attributed to owner of the company is 47.2 billion Yuan, increased by 16.95% than that at the end of the previous period. The company realizes profit of 5.5 billion Yuan attributed to owner of the company, increased by 16.66% on a year-on-year basis; earnings per share of 0.7767 Yuan, increased by 16.59% on a year-on-year basis.

1. Analytical statement of changes in relevant items of statement of profit or loss and statement of cash flows

Unit: Million Yuan Currency: RMB

| Item | 2020 | 2019 | Increase or decrease, (%) |
|---------------------|------------|------------|---------------------------|
| Revenue | 39,320.4 | 37,752.0 | 4.15 |
| Cost of sales | (21,677.9) | (21,367.8) | 1.45 |
| Administrative cost | (1,732.2) | (1,272.9) | 36.08 |
| Distribution cost | (27.7) | (30.4) | -8.88 |

| | | | |
|---|-----------|-----------|--------|
| Share of results of associates and joint ventures | 715.7 | 609.1 | 17.50 |
| Financial costs | (4,293.3) | (4,617.4) | -7.02 |
| Net cash generated operating activities, | 20,647.3 | 20,235.5 | 2.04 |
| Net cash used in investing activities, | -10,146.5 | -8,611.5 | 17.83 |
| Net cash used in financing activities | -9,310.2 | -10,708.5 | -13.06 |

2. Analysis of income and cost

(1). Industrial, product and regional situation of main businesses

Unit: Million Yuan Currency: RMB

| Industrial situation of main businesses | | | | | | |
|---|--------------------------|-----------------------|-----------------------|---|--|--|
| Industry | Revenue of main business | Cost of main business | Gross profit rate (%) | Increase or decrease in revenue of main business than the previous year (%) | Increase or decrease in cost of main business than the previous year (%) | Increase or decrease in gross profit rate than the previous year (%) |
| Electricity | 38,745.6 | 21,089.5 | 45.57 | 4.45 | 2.55 | Increased by 1.01 percent points |
| Others | 420.9 | 553.5 | -31.50 | -16.82 | -26.53 | Increased by 17.39 percent points |
| Product situation in main businesses | | | | | | |
| Product | Revenue of main business | Cost of main business | Gross profit rate (%) | Increase or decrease in revenue of main business than the previous year (%) | Increase or decrease in cost of main business than the previous year (%) | Increase or decrease in gross profit rate than the previous year (%) |
| Electricity | 38,745.6 | 21,089.5 | 45.57 | 4.45 | 2.55 | Increased by 1.01 percent points |
| Others | 420.9 | 553.5 | -31.50 | -16.82 | -26.53 | Increased by 17.39 percent points |
| Regional situation of main businesses | | | | | | |
| Region | Revenue of main business | Cost of main business | Gross profit rate (%) | Increase or decrease in revenue of main business than the previous year (%) | Increase or decrease in cost of main business than the previous year (%) | Increase or decrease in gross profit rate than the previous year (%) |
| Sichuan | 17,489.0 | 6,055.4 | 65.38 | 6.04 | 7.97 | Decreased by 0.61 percent points |
| Fujian | 6,423.8 | 4,896.4 | 23.78 | 7.36 | 1.81 | Increased by 4.16 percent points |
| Guangxi | 4,582.4 | 3,884.5 | 15.23 | -1.77 | -4.49 | Increased by 2.42 percent points |

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| | | | | | | |
|----------|----------|----------|-------|--------|--------|---|
| Tianjin | 5,501.6 | 4,501.3 | 18.18 | -3.47 | -3.48 | - |
| Gansu | 1,118.7 | 574.8 | 48.62 | 6.59 | -1.39 | Increased by 4.16 percent points |
| Yunnan | 1,804.2 | 519.3 | 71.22 | -5.48 | -7.86 | Increased by 0.75 percent points |
| Xinjiang | 751.8 | 290.2 | 61.40 | 44.00 | 43.31 | Increased by 0.18 percent points |
| Guizhou | 755.8 | 599.2 | 20.72 | -11.46 | -7.27 | Decreased by 3.59 percent points |
| Qinghai | 155.1 | 74.5 | 51.97 | -0.58 | -1.06 | Increased by 0.24 percent points |
| UK | 98.1 | 44.4 | 54.74 | -12.64 | 27.22 | Decreased by 14.11 percent points |
| Thailand | 123.6 | 54.0 | 56.31 | 78.87 | 119.51 | Decreased by 8.05 percent points |
| Zhejiang | 104.8 | 44.0 | 58.02 | 104.69 | 139.13 | Decreased by 5.95 percent points |
| Jiangsu | 77.6 | 32.2 | 58.51 | | | - |
| Shannxi | 133.1 | 47.3 | 64.46 | | | - |
| Hebei | 4.4 | 1.6 | 63.64 | | | - |
| Ningxia | 42.5 | 24.0 | 43.53 | 15.80 | 12.68 | Increased by 1.54 percent points |
| Total | 39,166.5 | 21,643.1 | 44.74 | 4.17 | 1.52 | Increased by 1.44 percent points |

Description of industrial, product and regional situation of main businesses

① Description of industrial and product situation of main businesses

In 2020, the company realizes revenue of main business of 39,166.5 million Yuan, increased by 1,566.7 million Yuan than 2019, for 4.17%, with the gross profit rate increased by 1.44 percent points on a year-on-year basis. Of which, the electricity income is 38,745.6 million Yuan, increased by 4.45% than 2019, with the gross profit rate increased by 1.01 percent points, mainly reason is the unit price of standard coal fired decreases and M&A of new energy projects.

② Description of regional situation of main businesses

In 2020, revenue in Sichuan increases by 6.04% on a year-on-year basis, mainly because the inflow of Yalong River is larger than the previous year resulting in year-on-year increase in power generation;

In 2020, revenue in Fujian increases by 7.36% on a year-on-year basis, mainly because the annual rainfall is insufficient and the Coal-fired power generation increases;

In 2020, revenue in Guangxi basically equals to that of the previous period;

In 2020, revenue in Tianjin basically equals to that of the previous period;

In 2020, revenue in Gansu increases by 6.59% on a year-on-year basis, mainly because the power generation situation has improved;

In 2020, revenue in Yunnan basically equals to that of the previous period;

In 2020, revenue in Xinjiang increases by 44.00% on a year-on-year basis, mainly because new energy projects put into production in 2019 generate revenue throughout 2020;

In 2020, revenue in Guizhou decreases by 11.46% on a year-on-year basis, mainly because Guizhou has two flood periods and Coal-fired power generation capacity decreases than the previous year;

In 2020, revenue in Qinghai basically equals to that of the previous period;

In 2020, revenue in UK decreases by 12.64% on a year-on-year basis, mainly because the tariff decreases on a year-on-year basis due to COVID-19;

In 2020, revenue in Thailand increases by 78.87% on a year-on-year basis, mainly because of acquisition of Newsky China in the second half of 2019, which takes effect throughout 2020;

In 2020, revenue in Zhejiang increases by 104.69% on a year-on-year basis, mainly because of acquisition of Huzhou Xianghui in the second half of 2019, which takes effect throughout 2020;

In 2020, revenue in Ningxia increases by 15.80% on a year-on-year basis, mainly because the Zhongning Project is put into operation;

In 2020, the company adds three solar projects in Jiangsu, Shaanxi and Hebei through acquisition.

(2). Analytical statement of costs

Unit: Million Yuan

| Industrial situation | | | | | | | |
|--|--|--------------------------|---|-------------------------------|--|--|-------------|
| Industry | Cost composition | Amount of current period | Proportion of current amount in cost of sales (%) | Amount of the previous period | Proportion of previous amount in cost of sales (%) | Change ratio of current amount compared with that of the previous period (%) | Description |
| Electricity | Fuel expenses, depreciation expenses, employee's wages, repair expenses and materials expenses | 21,089.5 | 97.29 | 20,799.19 | 97.34 | 1.40 | |
| Other industries such as seawater desalination, building materials and heat supply | Fuel expenses, depreciation expenses, employee's wages, repair expenses | 588.4 | 2.71 | 568.61 | 2.66 | 3.48 | |

| | and materials expenses | | | | | | |
|--|--|--------------------------|---|-------------------------------|--|--|-------------|
| Product situation | | | | | | | |
| Product | Cost composition | Amount of current period | Proportion of current amount in cost of sales (%) | Amount of the previous period | Proportion of previous amount in cost of sales (%) | Change ratio of current amount compared with that of the previous period (%) | Description |
| Electricity | Fuel expenses, depreciation expenses, employee's wages, repair expenses and materials expenses | 21,089.5 | 97.29 | 20,799.19 | 97.34 | 1.40 | |
| Other industries such as seawater desalination, building materials and heat supply | Fuel expenses, depreciation expenses, employee's wages, repair expenses and materials expenses | 588.4 | 2.71 | 568.61 | 2.66 | 3.48 | |

(3). Main customers and main suppliers

The sales volume of top 5 customers is 29,994.4 Million Yuan, accounting for 76.28% in annual sales volume; of which, the sales volume of the related party is 0, accounting for 0% in annual sales volume.

The procurement amount of top 5 suppliers is 6,087.2 Million Yuan, accounting for 40.75% in annual procurement volume; of which, the procurement volume of the related party is 0, accounting for 0% in annual procurement volume.

Main customers

Unit: Million Yuan Currency: RMB

| Customer name | Revenue | Proportion in operating income of the company (%) |
|---|----------|---|
| State Grid Corporation of China | 13,717.0 | 34.89 |
| State Grid North China Co., Ltd. | 5,229.3 | 13.30 |
| Guangxi Power Grid Co., Ltd. | 4,393.8 | 11.17 |
| State Grid Fujian Electric Power Company | 3,954.6 | 10.06 |
| State Grid Sichuan Electric Power Company | 2,699.7 | 6.87 |
| Total | 29,994.4 | 76.28 |

Main suppliers

Unit: Million Yuan Currency: RMB

| Supplier name | Procurement amount | Proportion in procurement amount of the company (%) |
|--|--------------------|---|
| Guangdong China Coal Import & Export Co., Ltd. | 2,749.5 | 18.41 |
| Shenhua Trading Group South China Co., Ltd. | 1,121.9 | 7.51 |
| Shenhua Trading Group North China Energy Trading Co., Ltd. | 941.8 | 6.30 |
| Xinjiang Goldwind Sci & Tech Co., Ltd. | 721.2 | 4.83 |
| China Coal Jingmin (Fujian) Industrial Trading Co., Ltd. | 552.8 | 3.70 |
| Total | 6,087.2 | 40.75 |

3. Expenses

Unit: Million Yuan Currency: RMB

| Item | 2020 | 2019 | Increase or decrease rate (%) | Description |
|---------------------|---------|---------|-------------------------------|---|
| Administrative cost | 1,732.2 | 1,272.9 | 36.08 | Provisions for extra social security of the retired are made in current period. |
| Distribution cost | 27.7 | 30.4 | -8.88 | |
| Finance costs | 4,293.3 | 4,617.4 | -7.02 | Parts of operating loans are repaid through adjustment of debt structure |

4. R&D investment

(1). Details of R&D investment

Unit: Million Yuan

| | |
|--|------|
| Expenditure R&D investment in current period | 37.8 |
| Capitalized R&D investment in current period | 2.6 |
| Total R&D investment | 40.4 |
| Proportion of total R&D investment in operating income (%) | 0.10 |
| Number of R&D personnel of the company | 306 |
| Proportion of number of R&D personnel in total number of company employees (%) | 3.52 |
| Proportion of capitalized R&D investment (%) | 6.36 |

(2). Description

"□ Applicable" "√ Not applicable "

5. Cash flow

Unit: Million Yuan Currency: RMB

| Item | 2020 | 2019 | Increase or decrease, YoY (%) | Reason |
|--|-----------|----------|-------------------------------|--|
| Net cash generated from operating activities | 20,647.3 | 20,235.5 | 2.04 | |
| Net cash used in investing activities | -10,146.5 | -8,611.5 | 17.83 | Consideration for equity disposal of Coal-fired power projects is received |

| | | | | this year |
|---|----------|-----------|--------|-----------|
| Net cash used in financing activities | -9,310.2 | -10,708.5 | -13.06 | |
| Net increase in cash and cash equivalents | 1,190.6 | 915.5 | 30.05 | |

(II) Description on major profit change due to non-main operations

"□ Applicable" "√ Not applicable"

(III) Analysis of assets and liabilities**1. Situations of assets and liabilities**

Unit: Million Yuan

| Item | Closing balance of the current period | Proportion of current closing balance in total assets (%) | Closing balance of the previous period | Proportion of previous closing balance in total assets (%) | Increase or decrease, YoY (%) | Description |
|--|---------------------------------------|---|--|--|-------------------------------|-------------|
| Cash and cash equivalents | 9,552.80 | 4.17 | 8,281.60 | 3.68 | 15.35 | |
| Inventories | 954.8 | 0.42 | 1,158.90 | 0.52 | -17.61 | |
| Accounts and notes receivables | 7,466.70 | 3.26 | 5,599.20 | 2.49 | 33.35 | Note 1 |
| Property, plant and equipment | 192,354.30 | 83.99 | 184,487.50 | 82.05 | 4.26 | |
| Intangible assets | 2,269.20 | 0.99 | 2,633.80 | 1.17 | -13.84 | |
| Long-term receivable | 1,135.00 | 0.50 | 511.4 | 0.23 | 121.94 | Note 2 |
| Inventories | 954.8 | 0.42 | 1,158.90 | 0.52 | -17.61 | |
| Short-term loans | 7,226.10 | 3.16 | 5,283.80 | 2.35 | 36.76 | |
| Short-term bonds | 2,500.00 | 1.09 | 1,500.00 | 0.67 | 66.67 | |
| Current portion of long-term liabilities | 15,515.40 | 6.77 | 11,276.80 | 5.02 | 37.59 | |
| Long-term loans | 103,214.80 | 45.07 | 109,879.50 | 48.87 | -6.07 | |
| Long-term bonds | 5,200.00 | 2.27 | 4,400.00 | 1.96 | 18.18 | |

Other descriptions

Note 1: The main reason for the growth is the impact of newly acquired new energy projects in 2020.

Note 2: In 2020, long-term receivables on joint ventures (Cloud Wind Farm Holdings AB and Inch Cape Offshore Limited Holdings) are increased by the company;

2. Main limited assets as of report period

Unit: Million Yuan Currency: RMB

| Item | Closing book value | Beginning book value |
|--------------------------------|--------------------|----------------------|
| Restricted deposits | 137.1 | 158.9 |
| Accounts and notes receivables | 3,420.5 | 2,486.9 |
| Property, plant and equipment | 5,479.0 | 3,899.1 |
| Intangible assets | 484.5 | 502.8 |
| Total | 9,521.1 | 7,047.7 |

(IV) Analysis of industry operating information

In 2020, the holding enterprise of the company has the accumulated power generation of 148,510 million kWh and on-grid energy of 144,646 million kWh, respectively decreased by 8.51% and 8.10% on a year-on-year basis; the average on-grid tariff is 0.301 Yuan/kWh, increased by 0.67% on a year-on-year basis.

Analysis of operation information of power industry

1. Electricity quantity and tariff within report period

| | Power generation (MWh) | | | On-grid energy (MWh) | | | Electricity sales amount (MWh) | | | Purchased electricity amount (if any) (MWh) | | | On-grid tariff (Yuan/MWh) | Sale tariff (Yuan/MWh) |
|------------------------|------------------------|--------------|--------|----------------------|--------------|--------|--------------------------------|--------------|--------|---|----------|--------|---------------------------|------------------------|
| Region/generation type | 2020 | 2019 | YoY | 2020 | 2019 | YoY | 2020 | 2019 | YoY | 2020 | 2019 | YoY | 2020 | 2019 |
| Tianjian | 17,346,082.6 | 17,865,478.1 | -2.91 | 16,345,665.8 | 16,875,270.0 | -3.14 | 16,345,665.8 | 16,875,270.0 | -3.14 | 1,152.3 | 1,861.3 | -38.09 | 363 | 363 |
| Coal-fired power | 17,346,082.6 | 17,865,478.1 | -2.91 | 16,345,665.8 | 16,875,270.0 | -3.14 | 16,345,665.8 | 16,875,270.0 | -3.14 | 1,152.3 | 1,861.3 | -38.09 | 363 | 363 |
| Anhui | - | 5,781,403.0 | | - | 5,485,045.5 | | - | 5,485,045.5 | | - | 949.9 | | | |
| Coal-fired power | - | 5,781,403.0 | | - | 5,485,045.5 | | - | 5,485,045.5 | | - | 949.9 | | | |
| Guangxi | 15,605,980.4 | 19,865,400.4 | -21.44 | 14,702,261.9 | 18,676,168.2 | -21.28 | 14,702,261.9 | 18,676,168.2 | -21.28 | 1,699.1 | 510.4 | 232.90 | 352 | 352 |
| Coal-fired power | 15,246,988.0 | 19,663,831.0 | -22.46 | 14,352,375.0 | 18,480,104.2 | -22.34 | 14,352,375.0 | 18,480,104.2 | -22.34 | 1,316.6 | - | | 346 | 346 |
| Wind power | 358,992.4 | 201,569.4 | 78.10 | 349,886.9 | 196,064.0 | 78.46 | 349,886.9 | 196,064.0 | 78.46 | 382.5 | 510.4 | -25.06 | 588 | 588 |
| Gansu | 4,872,594.8 | 9,280,484.5 | -47.50 | 4,807,481.2 | 8,901,836.6 | -45.99 | 4,807,481.2 | 8,901,836.6 | -45.99 | 4,370.9 | 7,358.2 | -40.60 | 259 | 259 |
| Coal-fired power | - | 4,215,640.2 | - | - | 3,903,609.5 | | - | 3,903,609.5 | | - | 2,756.2 | | | |
| Wind power | 744,271.9 | 701,748.7 | 6.06 | 730,782.0 | 687,104.0 | 6.36 | 730,782.0 | 687,104.0 | 6.36 | 3,660.1 | 3,818.1 | -4.14 | 347 | 347 |
| Hydropower | 4,076,858.9 | 4,317,277.6 | -5.57 | 4,026,380.4 | 4,266,290.2 | -5.62 | 4,026,380.3 | 4,266,290.2 | -5.62 | 222.1 | 344.9 | -35.60 | 234 | 234 |
| Solar power | 51,464.0 | 45,818.0 | 12.32 | 50,318.8 | 44,833.0 | 12.24 | 50,318.8 | 44,833.0 | 12.24 | 488.7 | 439.1 | 11.30 | 958 | 958 |
| Fujian | 19,867,303.6 | 18,478,332.6 | 7.52 | 18,762,342.7 | 17,470,663.0 | 7.39 | 18,762,342.7 | 17,470,663.0 | 7.39 | 7,465.8 | 10,028.4 | -25.55 | 378 | 378 |
| Coal-fired | | | 7.52 | | | 7.39 | | | 7.39 | | | -25.55 | 378 | 378 |

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|-----------------------|--------------|--------------|---------|--------------|--------------|--------|--------------|--------------|--------|---------|----------|--------|-----|-----|
| power | 19,867,303.6 | 18,478,332.6 | | 18,762,342.7 | 17,470,663.0 | | 18,762,342.7 | 17,470,663.0 | | 7,465.8 | 10,028.4 | | | |
| Xinjiang | 1,617,856.4 | 4,275,018.2 | -62.16 | 1,577,284.6 | 3,922,217.9 | -59.79 | 1,577,284.6 | 3,922,217.9 | -59.79 | 8,270.3 | 5,619.1 | 47.18 | 554 | 554 |
| Coal-fired power | - | 3,115,782.0 | -100.00 | - | 2,789,740.8 | | - | 2,789,740.8 | | - | 105.6 | | | |
| Wind power | 1,394,430.7 | 1,014,605.5 | 37.44 | 1,358,241.9 | 990,731.5 | 37.09 | 1,358,241.9 | 990,731.5 | 37.09 | 7,010.9 | 4,771.6 | 46.93 | 510 | 510 |
| Solar power | 223,425.7 | 130,421.7 | 71.31 | 219,042.7 | 127,856.5 | 71.32 | 219,042.7 | 127,856.5 | 71.32 | 1,259.4 | 741.9 | 69.75 | 828 | 828 |
| Hydropower | - | 14,209.1 | | - | 13,889.1 | | - | 13,889.1 | | - | - | | | |
| Guizhou | 2,676,966.0 | 3,072,665.0 | -12.88 | 2,424,434.2 | 2,811,814.5 | -13.78 | 2,424,434.2 | 2,811,814.5 | -13.78 | 240.1 | 620.4 | -61.30 | 342 | 342 |
| Coal-fired power | 2,569,548.0 | 3,023,670.0 | -15.02 | 2,336,180.0 | 2,771,164.0 | -15.70 | 2,336,180.0 | 2,771,164.0 | -15.70 | - | 341.0 | | 330 | 330 |
| Waste-to-Energy Power | 107,418.0 | 48,995.0 | 119.24 | 88,254.2 | 40,650.5 | 117.10 | 88,254.2 | 40,650.5 | 117.10 | 240.1 | 279.4 | -14.07 | 648 | 648 |
| Sichuan | 77,671,784.9 | 74,779,002.6 | 3.87 | 77,270,116.8 | 74,401,682.6 | 3.86 | 77,270,116.8 | 74,401,682.6 | 3.86 | 1,104.5 | 1,043.0 | 5.90 | 256 | 256 |
| Hydropower | 77,468,213.3 | 74,731,737.8 | 3.66 | 77,070,296.5 | 74,355,794.8 | 3.65 | 77,070,296.5 | 74,355,794.8 | 3.65 | 561.8 | 440.8 | 27.44 | 255 | 255 |
| Solar power | 42,880.3 | 47,264.8 | -9.28 | 42,383.4 | 45,887.8 | -7.64 | 42,383.4 | 45,887.8 | -7.64 | 542.7 | 602.2 | -9.88 | 931 | 931 |
| Wind power | 160,691.3 | - | | 157,436.9 | - | | 157,436.9 | - | | 328.1 | - | | 603 | 603 |
| Yunnan | 7,942,459.5 | 8,389,487.3 | -5.33 | 7,875,455.8 | 8,321,389.2 | -5.36 | 7,875,455.8 | 8,321,389.2 | -5.36 | 4,184.2 | 4,308.5 | -2.89 | 242 | 242 |
| Wind power | 543,071.2 | 514,994.6 | 5.45 | 532,733.5 | 504,492.9 | 5.60 | 532,733.5 | 504,492.9 | 5.60 | 351.9 | 452.2 | -22.18 | 460 | 460 |
| Hydropower | 6,907,760.2 | 7,332,845.2 | -5.80 | 6,855,112.5 | 7,279,524.5 | -5.83 | 6,855,112.5 | 7,279,524.5 | -5.83 | - | - | | 185 | 185 |
| Solar power | 491,628.1 | 541,647.5 | -9.23 | 487,609.8 | 537,371.9 | -9.26 | 487,609.8 | 537,371.9 | -9.26 | 3,832.3 | 3,856.4 | -0.62 | 803 | 803 |
| Qinghai | 265,192.8 | 262,719.4 | 0.94 | 259,119.5 | 256,208.6 | 1.14 | 259,119.5 | 256,208.6 | 1.14 | 1,836.2 | 1,568.4 | 17.08 | 676 | 676 |

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|-----------------------|---------------|---------------|--------|---------------|---------------|--------|---------------|---------------|--------|----------|----------|-----------|-------|-------|
| Wind power | 186,557.4 | 189,167.2 | -1.38 | 181,749.5 | 183,885.6 | -1.16 | 181,749.5 | 183,885.6 | -1.16 | 1,307.6 | 1,098.3 | 19.06 | 521 | 521 |
| Solar power | 78,635.4 | 73,552.2 | 6.91 | 77,370.0 | 72,323.0 | 6.98 | 77,370.0 | 72,323.0 | 6.98 | 528.6 | 470.1 | 12.44 | 1,041 | 1,041 |
| Ningxia | 58,622.0 | 43,072.8 | 36.10 | 57,593.7 | 42,359.5 | 35.96 | 57,593.7 | 42,359.5 | 35.96 | 840.1 | 659.4 | 27.39 | 837 | 837 |
| Solar power | 44,165.2 | 43,072.8 | 2.54 | 43,460.2 | 42,359.5 | 2.60 | 43,460.2 | 42,359.5 | 2.60 | 696.8 | 659.4 | 5.67 | 972 | 972 |
| Wind power | 14,456.8 | - | | 14,133.5 | - | | 14,133.5 | - | | 143.3 | - | | 421 | 421 |
| Zhejiang | 108,806.9 | 48,438.9 | 124.63 | 107,969.4 | 48,029.5 | 124.80 | 107,969.4 | 48,029.5 | 124.80 | 1,016.4 | 415.8 | 144.44 | 1,099 | 1,099 |
| Solar power | 108,806.9 | 48,438.9 | 124.63 | 107,969.4 | 48,029.5 | 124.80 | 107,969.4 | 48,029.5 | 124.80 | 1,016.4 | 415.8 | 144.44 | 1,099 | 1,099 |
| UK | 147,381.0 | 146,103.3 | 0.87 | 144,864.0 | 144,115.5 | 0.52 | 144,864.0 | 144,115.5 | 0.52 | 0.2 | 0.2 | | 676 | 676 |
| Wind power | 147,381.0 | 146,103.3 | 0.87 | 144,864.0 | 144,115.5 | 0.52 | 144,864.0 | 144,115.5 | 0.52 | 0.2 | 0.2 | | 676 | 676 |
| Thailand | 79,394.4 | 38,923.9 | 103.97 | 65,204.0 | 32,077.0 | 103.27 | 65,204.0 | 32,077.0 | 103.27 | 145.0 | 0.7 | 20,038.89 | 1,555 | 1,555 |
| Waste-to-Energy Power | 79,394.4 | 38,923.9 | 103.97 | 65,204.0 | 32,077.0 | 103.27 | 65,204.0 | 32,077.0 | 103.27 | 145.0 | 0.7 | 20,038.89 | 1,555 | 1,555 |
| Jiangsu | 86,972.6 | - | | 86,700.4 | - | | 86,700.4 | - | | 958.4 | - | | 1,042 | 1,042 |
| Solar power | 86,972.6 | - | | 86,700.4 | - | | 86,700.4 | - | | 958.4 | - | | 1,042 | 1,042 |
| shaanxi | 158,132.0 | - | | 155,482.4 | - | | 155,482.4 | - | | 1,571.7 | - | | 950 | 950 |
| Solar power | 158,132.0 | - | | 155,482.4 | - | | 155,482.4 | - | | 1,571.7 | - | | 950 | 950 |
| Hebei | 4,294.2 | - | | 4,231.2 | - | | 4,231.2 | - | | 114.8 | - | | 950 | 950 |
| Solar power | 4,294.2 | - | | 4,231.2 | - | | 4,231.2 | - | | 114.8 | - | | 950 | 950 |
| Total | 148,509,824.1 | 162,326,530.0 | -8.51 | 144,646,207.5 | 157,388,877.5 | -8.10 | 144,646,207.5 | 157,388,877.6 | -8.10 | 34,970.0 | 34,943.9 | 0.07 | 301 | 301 |

2. Electricity quantity, income and cost within report period

Unit: Billion Yuan Currency: RMB

| Type | Power generation (MWh) | YoY | Electricity sales amount (MWh) | YoY | Revenue | Income of the previous period | Change ratio (%) | Cost composition | Current amount | Proportion of current amount | Previous period amount | Proportion of previous | Change ratio (%) |
|------|------------------------|-----|--------------------------------|-----|---------|-------------------------------|------------------|------------------|----------------|------------------------------|------------------------|------------------------|------------------|
|------|------------------------|-----|--------------------------------|-----|---------|-------------------------------|------------------|------------------|----------------|------------------------------|------------------------|------------------------|------------------|

| | | | | | | | | | | t in cost of sales (%) | | period amount in t cost of sales (%) | |
|-----------------------|---------------|--------|---------------|--------|------|------|-------|--|------|---------------------------------|------|---|-------|
| Coal-fired power | 55,029,922.2 | -24.00 | 51,796,563.5 | -23.58 | 16.7 | 16.6 | 0.60 | Fuel expenses, depreciation expenses, employees' wages and repair expenses, etc. | 13.3 | 61.29 | 13.7 | 64.02 | -2.92 |
| Hydropower | 88,452,832.4 | 2.00 | 87,951,789.3 | 2.37 | 19.4 | 18.5 | 4.86 | Depreciation expenses, employees' wages and repair expenses, etc. | 6.6 | 30.41 | 6.3 | 29.44 | 4.76 |
| Wind power | 3,549,852.8 | 28.00 | 3,469,828.2 | 28.21 | 1.5 | 1.2 | 25.00 | Depreciation expenses, employees' wages and repair expenses, etc. | 0.7 | 3.23 | 0.5 | 2.34 | 40.00 |
| Solar power | 1,290,404.3 | 39.00 | 1,274,568.3 | 38.74 | 1.0 | 0.7 | 42.86 | Depreciation expenses, employees' wages and repair expenses, etc. | 0.4 | 1.84 | 0.3 | 1.40 | 33.33 |
| Waste-to-Energy Power | 186,812.40 | 112.00 | 153,458.2 | 111.00 | 0.1 | 0.1 | - | Fuel expenses, depreciation expenses, employees' wages and repair expenses, etc. | 0.1 | 0.46 | 0.0 | - | |
| Total | 148,509,824.1 | -9.00 | 144,646,207.5 | -8.10 | 38.7 | 37.1 | 4.33 | - | 21.1 | 97.24 | 20.8 | 97.20 | 1.44 |

3. Analysis of installed capacity

By the end of 2020, the holding installed capacity of the Company which has been put into production is 31.8268 million kW, of which, the installed capacity of hydropower is 16.7745 million kW, accounting for 52.71%, the installed capacity of thermal power (including waste-to-energy) is 11.8808 million kW, accounting for 37.33%, the installed capacity of wind power is 2.1395 million kW, accounting for 6.72%, and the installed capacity of solar power is 1.032 million kW, accounting for 3.24%.

The newly-increased installed capacity in 2020 is 1.0385 million kW, including 15,000 kW from hydropower, 709,500 kW from wind power, 314,000 kW from solar power. The Company completed the transfer of Jingyuan Second Power Co., Ltd., Xuancheng Power Co., Ltd., and Yili Power Co., Ltd., withdraw the installed capacity of 1.32 million kW, 1.29 million kW and 0.664 million kW respectively.

By the end of 2020, the details of holding installed capacity which has been put into production are as shown below:

Unit: 10,000kW

| Region | Total installed capacity | Installed capacity of hydropower | Installed capacity of thermal power | Installed capacity of wind power | Installed capacity of solar power |
|--------|--------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|
|--------|--------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|

| Region | Total installed capacity | Installed capacity of hydropower | Installed capacity of thermal power | Installed capacity of wind power | Installed capacity of solar power |
|----------|--------------------------|----------------------------------|-------------------------------------|----------------------------------|-----------------------------------|
| Sichuan | 1513.95 | 1470 | | 40.95 | 3 |
| Tianjin | 400 | | 400 | | |
| Fujian | 398.6 | | 398.6 | | |
| Guangxi | 345.4 | | 326 | 19.4 | |
| Yunnan | 183.4 | 135 | | 14.4 | 34 |
| Gansu | 114.7 | 72.45 | | 39.45 | 2.8 |
| Xinjiang | 88.85 | | | 74.85 | 14 |
| Guizhou | 62.5 | | 62.5 | | |
| Qinghai | 19.9 | | | 14.9 | 5 |
| Shanxi | 15 | | | | 15 |
| Jiangsu | 12 | | | | 12 |
| Zhejiang | 10 | | | | 10 |
| Ningxia | 8 | | | 5 | 3 |
| Hebei | 4.4 | | | | 4.4 |
| UK | 5 | | | 5 | |
| Thailand | 0.98 | | 0.98 | | |
| Total | 3182.68 | 1677.45 | 1188.08 | 213.95 | 103.2 |

Note: The above 11.8808 million kW thermal power includes 34,800 kW of waste-to-energy.

By the end of 2020, the installed capacity under construction of the Company is 4.6 million kW, as shown below:

| No. | Project name | Design capacity (10,000 kW) | Capacity under construction (10,000 kW) | Project status |
|------------|--------------------------------|--|--|-----------------------|
| 1 | Lianghekou Hydropower Station | 6×50 | 300 | Under construction |
| 2 | Yangfanggou Hydropower Station | 4×37.5 | 150 | Under construction |
| 3 | Liaoning Fuxin solar power | 10 | 10 | Under construction |
| Total | | 460 | 460 | - |

4. Analysis of generating capacity

In 2020, the generating utilization hours of the holding generating enterprises of the Company are 4,781 hours with year-on-year increase of 60 hours, including 5,278 hours for hydropower with year-on-year increase of 122 hours, 4,645 hours for thermal power with year-on-year increase of 66 hours, 2,239 hours for wind power with year-on-year increase of 84 hours and 1,434 hours for solar power with year-on-year decrease of 103 hours. The overall power consumption rate is 2.61%, including 0.57% for hydropower, 5.91% for thermal power, 2.69% for wind power and 2.08% for solar power. The power supply coal consumption of coal-fired power unit is 298.23g/ kWh with year-on-year decrease of 3.96g/ kWh.

5. Details of capital expenditure

Unit: Million Yuan Currency: RMB

| Project name | Project amount | Project progress | Investment amount in 2020 | Accumulated actual investment amount |
|--|----------------|-------------------------|---------------------------|--------------------------------------|
| Yalong Hydropower Development Co., Ltd. | 10,465.9 | Under construction | 936.00 | 6,661.2 |
| SDIC Gansu Electricity Sales Co., Ltd. | 71.50 | In operation | 55.3 | 71.5 |
| SDIC Inner Mongolia New Energy Co., Ltd. | 201.9 | Early-stage development | 20.0 | 25.0 |
| Dingbian Angli Photovoltaic Technology Co., Ltd. | 155. | Put into operation | 155.5 | 155.5 |
| Hainan Holdings Intelligent Energy Co., Ltd. | 12.3 | In operation | 12.3 | 12.3 |
| SDIC Jiangsu New Energy Co., Ltd. | 20.0 | In operation | 20.0 | 20.0 |
| Xiangshui Hengneng Solar Power Generation Co., Ltd. | 438.0 | Put into operation | 438.0 | 438.0 |
| Xiangshui Yongneng Solar Power Generation Co., Ltd. | 100.0 | Put into operation | 100.0 | 100.0 |
| Jingbian County Zhiguang New Energy Development Co., Ltd. | 82.0 | Put into operation | 82.0 | 82.0 |
| SDIC New Energy Co., Ltd. | 20.0 | In operation | 20.0 | 20.0 |
| Guyuan County Guanghui New Energy Power Generation Co., Ltd. | 63.0 | Put into operation | 63.0 | 63.0 |
| Zhangjiakou Jinko New Energy Co., Ltd. | 40.0 | Put into operation | 40.0 | 40.0 |
| Shenyang Jingbu Solar power Co., Ltd. | 95.0 | Under construction | 95.0 | 95.0 |
| Cloud Wind Farm Holdings AB | 207.6 | Put into operation | 207.6 | 207.6 |
| Total | 11,972.7 | - | 2,244.7 | 7,991.1 |

6. Electric power market transaction

Unit: 0.1 billion kWh

| | This year | Previous year | Change on year-on-year basis |
|--|-----------|---------------|------------------------------|
|--|-----------|---------------|------------------------------|

| | | | |
|------------------------------------|---------|---------|-------------------|
| Total electricity traded on market | 467.77 | 451.08 | 3.7% |
| Total on-grid energy | 1446.46 | 1413.39 | 2.34% |
| Proportion | 32.34% | 31.91% | Increase by 0.43% |

Note: The above data is the data after eliminating the influence of three thermal power equity transfer.

7. Operation of electricity sales business

In 2020, the Company realized electricity sales of 144.646 billion kWh. Among them, the four electricity retailers held by the Company sold a total of 10.119 billion kWh of electricity, the Company's electricity sales business went ahead in order and the electricity sales volume grew steadily. In 2020, the Company was eligible to start electricity sales business in 3 provinces of Jiangxi, Hainan and Shanghai. Till now, the Company is eligible to make electricity sales business for up to 22 provinces, and has achieved electricity sale transactions in 9 provinces of Gansu, Xinjiang, Tianjin, Shaanxi, Anhui, Zhejiang, Guizhou, Guangxi and Sichuan. The incremental distribution business of Lanzhou New Area operates smoothly, and the annual electricity distribution is about 56 million kWh, it shows the business goes well in the future.

(V) Analysis of investment situation**1. Overall analysis of external equity investment****① Overall situation**

Unit: Million Yuan Currency: RMB

| | |
|---|---------|
| Investment amount within report period | 2,244.7 |
| Increase or decrease in investment amount | -405.7 |
| Investment amount of the previous same period | 2,650.4 |
| Change ratio (%) | -15.31 |

② Invested companies

| No. | Name | Main business activities | Shareholding ratio (%) |
|-----|--|--|------------------------|
| 1 | Yalong Hydropower Development Co., Ltd. | Hydropower | 52 |
| 2 | SDIC Gansu Electricity Sales Co., Ltd. | Electricity sales | 65 |
| 3 | SDIC Inner Mongolia New Energy Co., Ltd. | Wind power | 100 |
| 4 | Dingbian Angli Photovoltaic Technology Co., Ltd. | Solar power | 100 |
| 5 | Hainan Holdings Intelligent Energy Co., Ltd. | Investment and operation of charging facilities of new energy vehicles | 35 |
| 6 | SDIC Jiangsu New Energy Co., Ltd. | Investment | 100 |
| 7 | Xiangshui Hengneng Solar Power Generation Co., Ltd. | Solar power | 100 |
| 8 | Xiangshui Yongneng Solar Power Generation Co., Ltd. | Solar power | 100 |
| 9 | Jingbian County Zhiguang New Energy Development Co., Ltd. | Solar power | 100 |
| 10 | SDIC New Energy Co., Ltd. | Investment | 100 |
| 11 | Guyuan County Guanghui New Energy Power Generation Co., Ltd. | Solar power | 100 |
| 12 | Zhangjiakou Jinko New Energy Co., Ltd. | Solar power | 100 |
| 13 | Shenyang Jingbu Solar power Co., Ltd. | Solar power | 100 |
| 14 | Cloud Wind Farm Holdings AB | Wind power | 50 |

③ Shareholding in non-listed financial enterprises

Unit: Million Yuan Currency: RMB

| Name of the held company | Initial investment amount | Number of shares held (share) | Shareholding in the company | Investment amount in current period | Closing book value | Profit and loss within report period | Changes in owners' equity within report period | Accounting subject | Source |
|--------------------------|---------------------------|-------------------------------|-----------------------------|-------------------------------------|--------------------|--------------------------------------|--|-----------------------------|------------|
| SDIC Finance Co., Ltd. | 279.0 | | 35.40% | | 2,643.1 | 169.7 | 40.0 | Long-term equity investment | Investment |

④ Shareholding in other listed companies

Unit: Million Yuan Currency: RMB

| Stock code | Stock name for short | Initial investment cost | Initial shareholding ratio | Shareholding ratio at the end of period | Closing book value | Profit and loss within report | Changes in owners' equity within | Accounting subject | Source |
|------------|----------------------|-------------------------|----------------------------|---|--------------------|-------------------------------|----------------------------------|--------------------|--------|
|------------|----------------------|-------------------------|----------------------------|---|--------------------|-------------------------------|----------------------------------|--------------------|--------|

| | | | | | | period | report period | | |
|--------|--------------------------|---------|--|--------|---------|--------|------------------|-----------------------------------|---------------------------|
| 000899 | Jiangxi Ganneng | 2,159.2 | | 33.72% | 2,031.2 | 80.9 | 73.5 | Long-term equity investment | Investment |
| 600725 | ST Yunwei | 6.7 | | 0.46% | 6.4 | -3.5 | 0.1 | Trading financial assets | by creditor's right |
| 600323 | Grandblue Environment | 889.3 | | 8.61% | 1,065.6 | 90.8 | 86.0 | Long-term equity investment | Investment |

(1) Significant equity investment

① On November 18, 2019, upon deliberation by the General Manager's Office Meeting, the investment scheme and investment plan of the company to acquire 100% equity of Dingbian Angli Photovoltaic Technology Co., Ltd. at 59 million Yuan were agreed. On January 14, 2020, the company completed the acquisition of Dingbian Angli Photovoltaic Technology Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

② On April 20, 2020, upon deliberation by the 2nd Office Meeting of the Chairman of the Board of Directors, the company was agreed to acquire 100% holding rights of Xiangshui Yongneng Solar Power Generation Co., Ltd. at 100 million Yuan. As of May 29, 2020, the company completed the acquisition of Xiangshui Yongneng Solar Power Generation Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

③ On April 20, 2020, upon deliberation by the 2nd Office Meeting of the Chairman of the Board of Directors, the company was agreed to acquire 100% holding rights of Xiangshui Hengneng Solar Power Generation Co., Ltd. at 438 million Yuan. As of May 29, 2020, the company completed the acquisition of Xiangshui Hengneng Solar Power Generation Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

④ On September 21, 2020, upon deliberation by the General Manager's Office Meeting, the company was agreed to acquire 100% holding rights of Jingbian County Zhiguang New Energy Development Co., Ltd. at 20 million Yuan. As of October 12, 2020, the company completed the acquisition of Jingbian County Zhiguang New Energy Development Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

⑤ In October 2020, Yalong Hydropower, a subsidiary of the company, signed a Property Transaction Contract with HydroChina, PowerChina Hydropower Development Group Co., Ltd. and PowerChina Chengdu Engineering Corporation Limited, to acquire 100% equity of Dechang Wind Power Development Co., Ltd. held by the three companies at 1314.4269 million Yuan and reach the conditions for controlling the invested company, and after acquisition, Dechang Wind Power Development Co., Ltd. Will be incorporated into the consolidated statements of Yalong Hydropower.

⑥ On November 17, 2020, upon deliberation by the General Manager's Office Meeting, the company was agreed to acquire 100% holding rights of Guyuan County Guanghui New Energy Power Generation Co., Ltd. at 63 million Yuan. As of November 30, 2020, the company completed the acquisition of Guyuan County Guanghui New Energy Power Generation Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

⑦ On November 24, 2020, upon deliberation by the General Manager's Office Meeting, the company was agreed to acquire 100% holding rights of Zhangjiakou Jinko New Energy Co., Ltd. at 40 million Yuan. As of November 30, 2020, the company completed the acquisition of Zhangjiakou Jinko New Energy Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

⑧ In November 2020, upon deliberation by the General Manager's Office Meeting, the company was agreed to accept 100% holding rights of Shenyang Jingbu Solar power Co., Ltd. at zero consideration. As of November 30, 2020, the company completed the acquisition of Shenyang Jingbu Solar power Co., Ltd. and this project began to be incorporated into the consolidated statements of the company.

⑨ In 2019, upon deliberation by the Office Meeting of the Chairman of the Board of Directors, Red Rock Power Limited was agreed to acquire 50% equity of Cloud Wind Farm Holdings AB, and it was agreed to complete the equity delivery at the date of being put into operation. In December 2020, the Project was put into operation, and the project delivery was completed at that month.

(2) Financial assets measured at fair value

Unit: Million Yuan Currency: RMB

| Item name | Beginning balance of the period | Closing balance of the period | Change in the current period | Affect amount of current profit |
|--|---------------------------------|-------------------------------|------------------------------|---------------------------------|
| ST Yunwei | 6.4 | 9.6 | 3.3 | -3.5 |
| Exchangable bonds of Zhejiang Energy Group CP Ltd. | 852.8 | 846.2 | -6.6 | 8.5 |
| Convertible bonds of Grandblue Environment Co., Ltd. | | | | 9.0 |
| Convertible bonds of Zhongmin Energy Co., Ltd. | | 90.3 | 90.3 | 11.3 |
| Guian New Area | 68.3 | 52.4 | -15.9 | |
| Yunnan Coal and Chemical Industry Group Co., Ltd. | 20.8 | 54.2 | 33.4 | |
| National Coal Transaction Center | 12.0 | 12.0 | | |
| Beijing Electricity Transaction Center | 6.6 | 6.6 | | |
| SDIC Hami Industry | 8.4 | 8.5 | - | |
| Tianjin Electricity Transaction Center | | 3.0 | 3.0 | |
| Sichuan Electricity Transaction Center | | 1.3 | 1.3 | |
| Contingent consideration of ICOL equities | | 93.3 | 93.3 | |
| Total | 975.3 | 1,177.5 | 202.2 | 25.3 |

(VI) Sales of significant assets and equity

① In December 2019, the company signed a Property Transaction Contract with China Coal Energy Group Co., Ltd., to transfer the equity of SDIC Yili, Jingyuan Second Power, SDIC Xuancheng, Huaibei Guo'an Electric Power Co., Ltd. and Gansu Zhangye at total transfer price of 1.8090691 billion Yuan, and the equity delivery was completed in 2020, with investment income determined as 543.09 million Yuan.

(2) In September 2020, upon deliberation by the General Manager's Office Meeting, Red Rock Power Limited was agreed to transfer 50% equity of ICOL Project. In November 2020, the equity delivery was completed. After the above disposal of equity, Inch Cape Offshore Limited Holdco becomes the shareholding platform of ICOL Project (joint venture) and Red Rock Power holds 50% equity.

(VII) Analysis of main holding and controlling companies

1. Analysis of main subsidiaries

Unit: Million Yuan Currency: RMB

| No. | Company name | Business nature | Registered capital | Total assets | Owner's equity attributed to parent company | Revenue | Operating profit | Net profit |
|-----|-------------------------|---------------------------|--------------------|--------------|---|----------|------------------|------------|
| 1 | Yalong Hydropower | Hydropower | 37,300.0 | 156,373.3 | 54,445.0 | 17,490.7 | 7,609.4 | 6,230.4 |
| 2 | SDIC Jinneng | Coal-fired power | 2,200.0 | 12,787.6 | 4,202.7 | 5,503.2 | 453.1 | 342.1 |
| 3 | SDIC New Energy | Electric power investment | 2,820.0 | 12,559.8 | 2,797.4 | 1,484.7 | 370.4 | 346.1 |
| 4 | SDIC Genting Meizhouwan | Coal-fired power | 1,850.0 | 6,693.8 | 3,819.4 | 4,538.9 | 768.3 | 610.3 |
| 5 | SDIC Qinzhou | Coal-fired power | 2,280.0 | 5,783.7 | 2,731.2 | 4,475.8 | 367.0 | 319.5 |
| 6 | SDIC Dachao Shan | Hydropower | 1,770.0 | 3,457.8 | 3,295.2 | 1,260.5 | 900.0 | 788.1 |
| 7 | Huaxia Power | Coal-fired power | 1,022.0 | 2,442.6 | 1,599.6 | 1,922.8 | 216.2 | 173.0 |

2. Where the operating performance of one subsidiary or joint-stock company fluctuates sharply on a year-on-year basis and significantly affects the combined operating performance of the company, analyze and explain the situation of performance fluctuation and the reason for that

Unit: Million Yuan Currency: RMB

| No. | Company name | Net profit | | Increase or decrease | YoY | Main reason for change |
|-----|---------------------------------|------------|---------|----------------------|----------|--|
| | | 2020 | 2019 | | | |
| 1 | Yalong Hydropower | 6,230.4 | 6,020.6 | 209.9 | 3.49% | Water inflow is better in current period and the power generation is superior than the previous same period |
| 2 | Genting Meizhouwan | 610.3 | 482.5 | 127.8 | 26.49% | 1.Coal-fired power generation increases in Fujian; 2.Unit price of standard coal fired decreases. |
| 3 | SDIC New Energy | 346.1 | 181.0 | 165.2 | 91.28% | 1.Power generation projects are successively put into operation this year and the profitability is enhanced; 2.Projects put into operation last year works all this year. |
| 4 | Jaderock Investment | -151.3 | -24.1 | -127.2 | -527.54% | This year, provisions for impairment on participating companies is made. |
| 5 | Yunnan Metallurgical New Energy | 45.3 | 82.3 | -37.0 | -44.94% | Investment income from foreign currency of last year. |

| | | | | | | |
|---|------------------|------|------|-------|---------|--|
| 6 | SDIC Panjiang | 43.4 | 86.8 | -43.5 | -50.04% | 1. Guizhou has two flood seasons and the hydropower occupies a larger proportion than Coal-fired power; 2. Due to COVID-19, there is strong uncertainty on resumption of work and production and the implementation efficiency of market trading electricity plan is low. |
|---|------------------|------|------|-------|---------|--|

(VIII) Details of structured entity under the control of the Company

"☐ Applicable" "☒ Not applicable "

III. Discussion and analysis of future development

(I) Industry structure and trend

"☒ Applicable" "☐ Not applicable"

1.Forecast of national electricity supply and demand in 2021

It's forecast by China Electricity Council that, in the new domestic and foreign context, China faces both opportunities and challenges, taking into account the economic situation at home and abroad, the electric energy substitution, the previous-year low base, the pandemic situation and the external environment uncertainty. It is expected that the growth rate of electricity consumption in the whole country will be high at the first half but low in the second half of 2021, being 6%-7% per annum.

It is estimated that in 2021, the newly installed capacity of the national power generation infrastructure will be about 180 million kW, and about 140 million kW of them are from non-fossil energy power generation capacity. It is estimated that by the end of 2021, the installed capacity of power generation countrywide will be 2.37 billion kW, increasing about 7.7% year-on-year. The installed capacity of non-fossil energy power generation is expected to reach about 1.12 billion kW, accounting for 47.3% of the total installed capacity, increasing about 2.5% compared with the end of 2020. The proportion of wind power and solar power installed capacity is expected to increase by about 3 % from the end of 2020, and the demand for flexible capabilities of the power system will be further increased.

It is expected that in 2021, the overall power supply and demand across the country will be balanced totally, and the power supply in some areas will be relatively tight or even in shortage during peak hours. In term of regional distribution, the power supply is surplus in Northeast China and Northwest China, balanced in East China, and relatively tight in North China, and in shortage in Central China and South China. In North China, Hebei's and Shandong's power supply will be relatively tight, needing cross-provincial power support; and the power supply of western Inner Mongolia grid supply is tight (when wind power output drops sharply, it may be necessary to adopt orderly power consumption measures for months). In Central China, the power supply is in shortage during peak hours in Hunan; under extreme weather conditions, Hubei and Jiangxi may experience certain electricity gap. In South China, Guangdong, Yunnan and Guangxi all have greater risk of peak-shifting and curtailment.

In addition, under the background that China is accelerating the construction of a new development pattern in which the domestic large cycle is the main body and the domestic and international double cycles are mutually

promoted, and under the goal of "China's carbon dioxide emission will reach the peak by 2030 and strive to achieve carbon neutrality by 2060", the power industry needs to accelerate the transformation of a clean and low-carbon supply structure to achieve carbon emission reduction objectives.

2. The "14th Five-Year Plan" Power industry pattern and trends

(1) The general trend is the green and low-carbon development. With the accelerated pace to realize the commitments stated in "Paris Agreement", the "30-60" carbon peak and the carbon neutrality, China's energy and power industry will complete in-depth reconstruction and transformation in the context of energy transition and energy revolution, posing unprecedented requirements toward green and low-carbon.

(2) The reform of the power system will touch on more deep-seated problems. Breaking inter-provincial barriers, improving the trading system, giving full play to the role of the market, promoting clean energy consumption, cultivating diversified entities, improving regulatory capabilities, gradually liberalizing operational power generation and consumption plans, and minimizing energy costs will be the keys to promote the further in-depth reform of the power system.

(3) Supply and demand are generally balanced, and local peak regulation is under pressure. It is expected that power demand will maintain a growth rate of over 5% during the "14th Five-Year Plan" period, and the overall supply and demand situation will be loose and relatively balanced. Moreover, as the proportion of renewable energy power generation continues to increase, the pressure of long-term peak regulation will also increase day by day, and the role of energy storage in the future energy system will continue to appear.

(4) On-grid tariff will be definitely increasingly lower for new energies. China's new energy development and utilization technologies continue to advance, and effects of scale economy are gradually appearing. Wind power and solar power have been able to connect the power grid at benchmark tariff in some regions. With the decline, adjustment, and withdrawal of subsidy policies, benchmark tariff for new energy projects in various provinces and regions will be gradually realized.

(5) Opportunities and challenges coexist in the international market. Today, the world is experiencing centennial changes, the Chinese Government proposes accelerating the domestic market as the mainstay while domestic and international markets reinforce each other. In this context, the international power business is facing new opportunities and challenges.

(II) Development strategy of the Company

"√ Applicable" "□ Not applicable"

During the "14th Five-Year Plan" period, the Company's overall development strategy is taking high-quality development as the main line, implementing the new development concept, adhering to seek improvement in stability, transformation and upgrading, innovation-driven, and in accordance with the standards of optimized asset structure, excellent management level and excellent investment performance, so as to write a new chapter of high-quality development of SDIC Power.

Specifically, the Company will focus on clean energy and new energy fields, making good use of both domestic and international markets through strengthening safety in production, increasing marketing, deepening reform authorization, innovating talents incentive, improving the compliance system and financial management, and strict risk control, etc, so as to improve the three investment modes of greenfield development, merger and

acquisition, and capital investment and build SDIC Power into a world-class comprehensive energy company with international competitiveness

(III) Operation plan

"√ Applicable" "□ Not applicable"

In 2021, total planned power generation of enterprises within the consolidation scope of SDIC Power is 154.2 billion kWh.

1. Annual investment expenditure plan

In 2021, total planned external investment of SDIC Power is 7.71 billion Yuan.

2. Annual financing plan

In 2021, SDIC Power Headquarters plans to raise 17 billion Yuan in total in China, proposed to meet the capital requirement by publicly issue corporate bonds, medium term notes, renewable corporate bonds and other debentures, or by borrowing from State Development & Investment Corp. Ltd., SDIC Finance Co., Ltd., banks and other financial organizations.

SDIC Power and its overseas wholly-owned subsidiaries plan to raise foreign currencies abroad equaling to 4.0 billion Yuan, and proposes to meet the capital requirement by loans from Rongshi International Holding Company Ltd. ("Rongshi International") and its subsidiary and financial organization.

(IV) Possible risks

"√ Applicable" "□ Not applicable"

1. Electric power market risk

At the 75th General Assembly of the United Nations, China announced that its carbon dioxide emissions will peak by 2030 and China will achieve carbon neutral by 2060. Therefore, building a clean and low-carbon energy system has become the only way to go. In the future, the installed capacity of wind power and solar power will greatly increase. The decrease of thermal power and the increase of clean energy brings new and greater challenges to the stability and absorption of the grid.

Response measures: Firstly, the Company will further take advantage of existing units, improve the efficiency of large capacity and low emission thermal power units to make more benefit; Secondly, actively carry out the research and development of energy storage, pumped storage, integrated intelligent energy etc., develop new business area; Finally, strengthen evaluation during the new energy projects development to ensure that new projects are at leading position in technology and operation and make good benefit.

2. Tariff risk

The tariff of power generation enterprises will face with dual risks, namely, policy adjustment and market adjustment.

Response measures: Currently, the power generation enterprises are generally facing with large marketing pressure; the Company will actively cope with the new change trend of tariff, strength policy and market study and in combination with actual situation of the Company, do well on the relevant marketing work to strive for a reasonable tariff.

3. Coal price risk

The coal supply and demand structure will be improved in 2021, the coal price is expected to rise up slightly, and the imbalance pattern of coal supply in the peak summer (winter) and key periods will also bring some pressure to coal supply for the Company.

Response measures: The Company will continue to play its collaborative advantage, enhance market research and judgment, expand joint procurement, strengthen coordination on long-term coal plan and spot coal plan, optimize inventory structure; continuously intensify internal fuel management, strictly control key index; strive for reducing fuel cost.

4. Environmental risk

With the revision and implementation of *Environmental Protection Law*, *Atmospheric Pollution Prevention Law*, *General Planning of Ecological Civilization System Reform*, *Plan on Strengthening Atmospheric Pollution Prevention in Energy Industry* and other regulations and policies, the electric power industry is facing with all-around and more stringent supervision of environmental protection. Meanwhile, the public awakens their consciousness of environmental protection to have increasingly high attention and requirement on air quality, so the public risk of environmental protection is increasingly serious.

Response measures: The Company will strictly implement the national regulations and standards concerning environmental protection to ensure that each pollutant can be discharged to reach standard and various environmental protection facilities can operate stably and efficiently. Meanwhile, continuously strengthen study and training of policy and standard, improve business level of professional personnel; intensify the publicity of ecological environment protection and build up a positive image of green and low-carbon development of the Company.

5. Financial risk

Firstly, construction of Yalong River at midstream and development and expansion of Chinese and overseas projects need a large number of capital support, which causes certain stress to the company on capital balance; secondly, the asset-liability ratio of the Company is relatively high, so the change of interest rate will directly affect the debt cost of the Company.

Response measures: The Company will, based on the electric power market demand, reasonably control project development process, plan in advance, take opportunity, select financing plan suitable for company development, effort to reduce capital cost, optimize debt structure and prevent capital and interest rate risks.

6. Extreme climate risk

The Company has a high proportion of hydropower, so the hydropower production and operation will produce important influence on company profit. Naturally, the hydropower is greatly influenced by the climate. The hydropower units under operation of the Company distribute in Sichuan, Yunnan, Gansu and other different regions and basins and their generating capacity will be influenced by extreme climate and instable incoming water. The hydropower units under construction often locate in remote regions, which may be influenced by debris flow and other natural disasters in rainy season to produce uncertain influence on the production of these units.

Response measures: The Company will utilize modern prediction technique, reasonably schedule each cascade of power station, cooperate with external scheduling mechanism and maximize the effect of water power

resource; complete internal equipment maintenance work and improve equipment utilization rate; build up the awareness of safety responsibility, take effective measures to strengthen construction management in flood season, reduce the influence on projects under construction.

Notes: Detailed description of Financial Risk Management is covered in the Notes to the Consolidated Financial Statements on page F99, and the description of hedging instruments is covered on page F31-F33.

Credit risk is covered in the Notes to the Consolidated Financial Statements on pages F99 – F101 and Liquidity risk is covered on pages F102 – F103.

(V) Other

☐ Applicable" ☒ Not applicable"

IV. Details of failure to disclose due to inapplicability to standard regulations or state secret, trade secret and other special reasons and its reason

☐ Applicable" ☒ Not applicable"

Section V Important Matters

I. Common stock profit distribution plan or plan for capital stock increase from accumulation fund

(I) Formulation, execution or adjustment of cash dividend policy

"√ Applicable" "□ Not applicable"

During the reporting period, the Company's cash dividends conform to the relevant cash dividend policies in *the Articles of Association and the Plan for Shareholders' Return in the Next Three Years (2020-2022)*. The specific dividend policies are as follows:

The company may distribute dividends in the form of cash, stock or a combination of cash and stock. The company gives priority to the profit distribution of cash dividends. Under the condition of meeting the above-mentioned cash dividend, the Company shall carry out cash dividend once a year. According to the Company's profitability and capital demand, interim cash dividends can also be carried out with the proposal of the board of directors and the approval of the general meeting of shareholders.

The company should keep the continuity and stability of profit distribution policy. The accumulated profit distributed by cash in the last three years shall not be less than 30% of the average annual distributable profit realized in the last three years. The company's profit distribution policy adjustment plan shall seek the opinions of independent directors and supervisors in advance, and shall be approved by more than two thirds of the voting rights held by shareholders attending the general meeting of shareholders. In the process of decision-making and demonstration of profit distribution scheme, the board of directors should actively communicate and exchange with shareholders, especially small and medium shareholders, through various channels, fully listen to the opinions and demands of small and medium shareholders, and timely answer the concerns of small and medium shareholders. Independent directors can solicit the opinions of small and medium shareholders, put forward dividend proposals, and directly submit them to the board of directors for deliberation.

The board of directors of a company shall comprehensively consider the industry characteristics, development stage, its own business model, profit level, whether there are major capital expenditure arrangements and other factors, distinguish the following situations, and put forward differentiated cash dividend policies according to the procedures specified in the articles of association:

(1) If the development stage of the Company is mature and there is no major capital expenditure arrangement, the minimum proportion of cash dividends in the profit distribution should reach 80%;

(2) If the development stage of the Company is mature and there are major capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution should reach 40%;

(3) If the development stage of the Company is a growth period and there are major capital expenditure arrangements, the minimum proportion of cash dividends in this profit distribution should reach 20%;

The specific stage of the Company's actual dividend distribution shall be determined by the board of directors according to the specific situation.

The "major investment plan or major cash expenditure" means the accumulated expenditure achieving or exceeding 30% of latest audited net assets of the Company or the single expenditure exceeding RMB 0.5 billion Yuan for the Company to invest abroad, purchase asset or equipment (exclusive of capital-raised project) in future 12 months.

(II) Profit distribution scheme or plan of ordinary stock and scheme or plan for capital stock increase from accumulation fund of the Company in the recent three years (including this report period)

Unit: Yuan Currency: RMB

Note: Net profit attributable to the ordinary shareholders of the listed company in consolidated statement of dividend year and the proportion calculated in the table below are both in accordance with PRC accounting standards.

| Bonus Year | Bonus shares per 10 shares (share) | Dividends per 10 shares (Yuan) (including tax) | Increase shares per 10 shares (share) | Amount of cash dividends (including tax) | Net profit attributable to the ordinary shareholders of the listed company in consolidated statement of dividend year | Proportion in the net profit attributable to the ordinary shareholders of the listed company in consolidated statement (%) |
|------------|------------------------------------|--|---------------------------------------|--|---|--|
| Year 2020 | 0 | 2.8000 | 0 | 1,950,444,537.16 | 5,515,627,276.16 | 35.36 |
| Year 2019 | 0 | 2.4530 | 0 | 1,664,611,527.02 | 4,755,460,882.37 | 35.00 |
| Year 2018 | 0 | 2.2500 | 0 | 1,526,855,253.08 | 4,364,098,425.70 | 34.99 |

(III) Cash repurchase shares listed into cash dividends

☐ Applicable ☒ Not applicable

No shares have been repurchased during the year.

(IV) If the profit in the reporting period is positive and the profit available to the shareholders of common stock is positive, but no plan for the distribution of cash profit of common stock is proposed, the Company shall disclose the reasons in detail, the purpose and use plan of undistributed profits

☐ Applicable ☒ Not applicable

II. Performance of commitments

(I) Commitments of actual controllers, shareholders, related parties, purchasers and other committed related parties of the Company during or up to the reporting period

☒ Applicable ☐ Not applicable

| Commitment background | Commitment type | Commitment party | Commitment Content | Commitment time and deadline | Is there deadline for performance | Is performed timely and strictly |
|---|--------------------------------------|------------------|---|---|-----------------------------------|----------------------------------|
| Commitment in relation to major asset restructuring | Resolution of horizontal competition | SDIC | SDIC promises at the major asset replacement in 2002 that SDIC will not directly or | Commitment time: Apr. 25, 2002. Commitment period: long term. | Yes | Yes |

| | | | | | | |
|--|---|------|--|--|-----|-----|
| | | | indirectly participate in any business or activity which competes with the Company and its holding subsidiary after it becomes the controlling shareholder of the Company. | | | |
| | Resolution of related party transaction | SDIC | SDIC promises at the major asset replacement in 2002 that SDIC will reduce and standardize the related party transaction with the Company as possible after it becomes the controlling shareholder of the Company. The related party transaction, if any, shall perform legal procedure and be subject to timely information disclosure to ensure that the legal rights of the Company and other shareholders cannot be injured through related party transaction. | Commitment time: Apr. 25, 2002. Commitment period: long term. | Yes | Yes |
| | Resolution of related party transaction | SDIC | SDIC promises at the major asset replacement in 2002 for the related party transaction of deposits of the | Commitment time: Sept. 16, 2009. Commitment period: long term. | Yes | Yes |

| | | | | | | |
|--|---|------|--|--|-----|-----|
| | | | <p>Company and its subsidiary in SDIC Finance Co., Ltd. subordinated to SDIC that when the Company and its subsidiary take deposits in SDIC Finance Co., Ltd. subordinated to SDIC and suffer from loss because SDIC Finance Co., Ltd. is insolvent, SDIC will, within 30 work days upon receipt of the written notice on the matter of the Company, compensate the loss in the form of cash according to the document specifying the loss and its amount of the Company issued by audit agency.</p> | | | |
| | Acquired asset value assurance and compensation | SDIC | <p>SDIC promises at the major asset restructuring in 2009 for the lawsuits which were respectively filed by Mianning Mianli Rare Earth Ore Processing Co., Ltd. in May 2009 and by Xichang Chengzong Mining Co., Ltd. in July</p> | <p>Commitment time: Friday, Oct. 16, 2009. Commitment period: when the condition is achieved. The lawsuits of Chengzong Mining and Mianli Rare Earth have been settled and no compensation</p> | Yes | Yes |

| | | | | | | |
|---------------------------------------|--------------------------------------|------|---|--|-----|-----|
| | | | 2009 against Yalong River Hydropower subordinated to the restructuring target in 2009 that if the Company suffers from loss due to above two lawsuits of Yalong River Hydropower after the delivery date of this major asset restructuring, SDIC will, within 30 work days upon receipt of the written notice on the matter of the Company, compensate the loss in the form of cash according to the document specifying the loss and its amount of the Company issued by audit agency. | conditions are triggered. | | |
| Commitment in relation to refinancing | Resolution of horizontal competition | SDIC | SDIC promises at the Company refinancing in 2007 that the Company will be an only SDIC capital operation platform of power business at home. Currently, SDIC has entrusted all thermal power assets which are appropriate for listed | Commitment time: Monday, May 28, 2007. Commitment period: long term. | Yes | Yes |

| | | | | | | |
|--|-----------------|------|--|--|-----|-----|
| | | | company to the Company for management. | | | |
| | Asset injection | SDIC | SDIC promises at the Company governance activity and refinancing in 2010 that after the convertible bonds to be subject to public issuing in the Company are completed, we will strive to inject our independent electricity generation business assets (exclusive of related asset, business and equity of other SDIC direct holding listing companies than the Company in the form of asset acquisition or restructuring within about 5 years. SDIC will, based on relevant asset status and degree of capital market recognition, gradually establish and implement the specific integration plan of electric power assets. | Commitment time: Thursday, Sept. 30, 2010. Original commitment period: Jan. 25, 2016. The revision to the commitment was approved on the first extraordinary shareholders meeting in 2016. | Yes | Yes |
| | Asset injection | SDIC | On Dec. 24, 2015, SDIC revised its commitment for the Company governance | Commitment time: Thursday, Dec. 24, 2015. Commitment period: | Yes | Yes |

| | | | | | | |
|--|--|--|---|---|--|--|
| | | | <p>activity and refinancing in 2010 and such revision was approved on the first extraordinary shareholders meeting of the Company in 2016. SDIC will, within 2 years after the independent power generation business assets meet the injection condition, complete the asset injection into the Company. The conditions of asset injection are as follows:</p> <p>1. The production and operation shall be as specified in laws, administrative regulations and Articles of Association as well as the national industry policies, laws and administrative regulations concerning environmental protection, safety production, land management, anti-monopoly and so on. 2. The asset ownership shall be clear and conform to the listing conditions specified in</p> | <p>within 2 years after the asset injection condition is met.</p> | | |
|--|--|--|---|---|--|--|

| | | | | | | |
|--|--|--|---|--|--|--|
| | | | <p>national laws, regulations and appropriate normative documents without any incomplete property ownership or defective project investment approval procedure. 3. It shall conform to the strategic planning of SDIC Power and help SDIC Power to improve asset quality, improve financial condition and strengthen sustained profitability. On principle, the weighted average net assets income rate in the latest three accounting years shall not be less than 10% for those assets which have operated for three years and will be injected; for those assets which have operated for less than three years, the weighted average net assets income rate shall not be less than 10% in the continuous two full accounting</p> | | | |
|--|--|--|---|--|--|--|

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | <p>years; the assets to be injected shall have the asset-liability ratio not higher than 80% in the latest one accounting year, unless SDIC Power forwardly reduces net assets income rate or asset-liability ratio. 4. It shall neither belong to relevant asset, business and equity of other SDIC direct holding listed companies than SDIC Power nor be coal-electricity integration or other projects whose business is not independent, in order to enable that SDIC Power can remain independent with actual controller and its associated persons in terms of business, asset, finance, personnel, mechanism and so on. 5. There shall be no major debt risk or guarantee, lawsuit, arbitration and major contingency which may affect</p> | | | |
|--|--|--|--|--|--|--|

| | | | | | | |
|--|--|--|---|--|--|--|
| | | | sustainable operation. 6. Supervision requirements of securities regulatory institution according to appropriate laws, regulations and normative documents. | | | |
|--|--|--|---|--|--|--|

(II) When the Company's assets or projects are profitable, and the report period is still in the profit forecast period, the Company shall

☐ Reached" ☐ Unreached" ☒ Not applicable"

(III) Completion of performance commitment and its influence on goodwill impairment test

☐ Applicable" ☒ Not applicable"

III. Occupation of capitals within report and its addressing condition

☐ Applicable" ☒ Not applicable"

IV. Description of the Company on the "non-standard audit report" of accounting firm

☐ Applicable" ☒ Not applicable"

V. Analysis and explanation of reasons for changes made in accounting policies and accounting estimates and for corrections on significant accounting errors and its influences

(I) Analysis and explanation of reasons for changes made on accounting policies and accounting estimates

☐ Applicable" ☒ Not applicable"

(II) Analysis and explanation of reasons for corrections made on significant accounting errors and its influences

☐ Applicable" ☒ Not applicable"

(III) Description of the Company on major accounting error correction reason and effect

☐ Applicable" ☒ Not applicable"

(IV) Communication with previous accounting firm

☐ Applicable" ☒ Not applicable"

(V) Other description

☐ Applicable" ☒ Not applicable"

VI. Accounting firms that are engaged or dismissed

Unit: Million Yuan Currency: RMB

| | |
|--|--|
| | Engaged now |
| Name of Chinese accounting firm | BDO China Shu Lun Pan Certified Public Accountants LLP |
| Remuneration for Chinese accounting firm | 4.1 |
| Audit period of Chinese accounting firm | 9 |
| Name of overseas accounting firm | BDO Limited, Certified Public Accountants, Hong Kong |

| | |
|---|-----|
| Remuneration for overseas accounting firm | 2.7 |
| Audit period of overseas accounting firm | 1 |

| | Name | Remuneration |
|--|--|--------------|
| Accounting firm for internal control audit | BDO China Shu Lun Pan Certified Public Accountants LLP | 1.0 |

Explanation of engagement and dismissal of accounting firms

The company issues GDR at London Stock Exchange at the end of 2020. Since the company adopted International Financial Reporting Standards ("IFRSs") in preparing its financial information for inclusion in the GDR prospectus, the Company prepared its consolidated financial statements for the year ended 31 December 2020 in compliance with IFRSs (the "2020 IFRS Financial Statements") for inclusion in its 2020 annual report to be filed with London Stock Exchange. Upon the approval of the 2nd extraordinary general meeting and the 23rd meeting of the 11st Board of Directors of the company for Year 2021, BDO Limited is engaged as overseas audit institution to perform the audit in accordance with International Standards on Auditing of the Company's 2020 IFRS Financial Statements, with a term of one year.

VII. Details of listing suspension risk

(I) Reason of listing suspension

☐ Applicable" ☒ Not applicable"

(II) Response measures to be taken by the Company

☐ Applicable" ☒ Not applicable"

VIII. Listing termination and reason

☐ Applicable" ☒ Not applicable"

IX. Bankruptcy and reorganization-related matters

☐ Applicable" ☒ Not applicable"

X. Major litigation and arbitration

☐ The Company has major litigation and arbitration matter this year."

☒ The Company has no major litigation and arbitration matter this year."

XI. Punishment and rectification of listed company and its director, supervisor, senior managers, controlling shareholder, actual controller and acquirer

☐ Applicable" ☒ Not applicable"

XII. Credit of the Company and its controlling shareholder and actual controller within report period

☒ Applicable" ☐ Not applicable"

Within report period, the Company and its controlling shareholders have no the effective judgments of court unfulfilled or the comparatively large amount of debts due and unsettled in 2020.

XIII. Company's equity incentive plan, employee stock ownership plan or other employee incentive measures and their effect

(I) Relevant incentives which are disclosed in provisional notice and have no subsequent implementation or change

☐ Applicable" ☒ Not applicable"

(II) Incentives which are not disclosed in provisional notice or has subsequent implementation

Equity incentive

☐ Applicable" ☒ Not applicable"

Other description

☐ Applicable" ☒ Not applicable"

Employee stock ownership plan

☐ Applicable" ☒ Not applicable"

Other incentives

☐ Applicable" ☒ Not applicable"

XIV. Major related party transactions

(I) Related party transactions in relation to day-to-day operations

1. Matters which are disclosed in provisional notice and have no subsequent implementation or change

☐ Applicable" ☒ Not applicable"

2. Matters which are disclosed in provisional notice but have subsequent implementation or change

☒ Applicable" ☐ Not applicable"

The *Proposal on 2020 Day-to-day Related Party Transactions* was approved on the 11th meeting of the 11th board of directors and 2019 general shareholders meeting .

In 2020, the anticipated annual daily average deposit balance in SDIC Finance Co., Ltd. is not greater than 10 billion Yuan, and the actual annual daily average deposit balance is 4.557 billion Yuan; In 2020, the anticipated annual daily average deposit balance in Rongshi International Treasury Management Co., Ltd. is not greater than 1 billion Dollars, and the actual annual daily average deposit balance is 8.9031 million Dollars; the anticipated borrowings with SDIC and its holding subsidiaries are not greater than 15 billion Yuan, and the actual borrowings are 5.104 billion Yuan; the anticipated borrowings with Rongshi International Treasury Management Co., Ltd. are not greater than 1 billion Dollars, and the actual borrowings are 0.145 billion Dollars.

In 2020, the anticipated amount of related party transactions generated by purchasing goods / receiving labor services from the SDIC and its holding subsidiaries is not greater than 800 million yuan, and the actual amount of related party transactions is 0.203 billion yuan; In 2020, the anticipated amount of related party transactions generated by selling goods / providing labor services to the SDIC and its holding subsidiaries is not greater than 400 million yuan, and the actual amount of related party transactions is 0.07 billion yuan.

3. Matters which are not disclosed in provisional notice

☐ Applicable" ☒ Not applicable"

(II) Related party transactions in relation to asset or share acquisition and offering**1. Matters which are disclosed in provisional notice and have no subsequent implementation or change**☐ Applicable" ☒ Not applicable"**2. Matters which are disclosed in provisional notice but have subsequent implementation or change**☐ Applicable" ☒ Not applicable"**3. Matters which are not disclosed in provisional notice**☐ Applicable" ☒ Not applicable"**4. Performance achievement which is involved with performance agreement and shall be disclosed within report period**☐ Applicable" ☒ Not applicable"**(III) Major related party transactions of joint investments abroad****1. Matters which are disclosed in provisional notice and have no subsequent implementation or change**☐ Applicable" ☒ Not applicable"**2. Matters which are disclosed in provisional notice but have subsequent implementation or change**☐ Applicable" ☒ Not applicable"**3. Matters which are not disclosed in provisional notice**☐ Applicable" ☒ Not applicable"**(IV) Related credit and debt exchanges****1. Matters which are disclosed in provisional notice and have no subsequent implementation or change**☐ Applicable" ☒ Not applicable"**2. Matters which are disclosed in provisional notice but have subsequent implementation or change**☐ Applicable" ☒ Not applicable"**3. Matters which are not disclosed in provisional notice**☐ Applicable" ☒ Not applicable"**(V) Other**☐ Applicable" ☒ Not applicable"**XV. Major contracts and implementation****(I) Trusteeship, contracting and leasing****1. Trusteeship**☐ Applicable" ☒ Not applicable"**2. Contracting**☐ Applicable" ☒ Not applicable"**3. Leasing**☐ Applicable" ☒ Not applicable"

(II) Guarantee

Unit: Million Yuan Currency: RMB

| External guarantee of the company (excluding those for subsidiaries) | | | | | | | | | | | | | |
|---|------------------------------|----------------------------|------------------|---|-------------------|--------------------|---------------------------------------|-------------------|-----------------|----------------|------------------------------------|---------------------------------------|--------------|
| Guarantor | Relation with listed company | Secured party | Guarantee amount | Date of guarantee (date of signing agreement) | Starting date | Date of expiration | Type of guarantee | whether completed | Whether expired | Overdue amount | Whether there is counter guarantee | Whether it is related-party guarantee | Relationship |
| SDIC Power | Headquarters | Inch Cape Offshore Limited | 44.4 | May 11, 2016 | May 11, 2016 | October 10, 2064 | Joint and several liability guarantee | No | No | | No | Yes | JV |
| Red Rock Power Limited | Wholly-owned subsidiary | Cloud Snurr an AB | 16.1 | December 16, 2020 | December 16, 2020 | December 16, 2033 | Joint and several liability guarantee | No | No | | No | Yes | JV |
| Total guarantee amount within report period (excluding those for subsidiaries) | | | | | | 60.5 | | | | | | | |
| Total balance of guarantee at the end of report period (excluding those for subsidiaries) (A) | | | | | | 60.5 | | | | | | | |
| Guarantee of the company and its subsidiaries to the subsidiaries | | | | | | | | | | | | | |
| Total guarantee amount for subsidiaries within report period | | | | | | -861.0 | | | | | | | |
| Total amount of guarantee for subsidiaries at the end of report period (B) | | | | | | 2,294.1 | | | | | | | |
| Total guarantee amount of the company (including those for subsidiaries) | | | | | | | | | | | | | |
| Total guarantee amount (A+B) | | | | | | 2,354.6 | | | | | | | |
| Proportion of total guarantee amount in the company's net assets (%) | | | | | | 4.99 | | | | | | | |
| in which: | | | | | | | | | | | | | |
| Amount of guarantee provided to the shareholder, actual controller and its related party (C) | | | | | | | | | | | | | |
| Amount of debt guarantee directly or indirectly provided to the secured party whose asset-liability ratio exceeds 70% (D) | | | | | | 1,165.0 | | | | | | | |
| Amount of guarantee in excess of 50% of net assets (E) | | | | | | | | | | | | | |
| Total of the above three guarantee amounts (C+D+E) | | | | | | 1,165.0 | | | | | | | |
| Explanation of possible joint liability for satisfaction related to unexpired guarantee | | | | | | | | | | | | | |
| Explanation of guarantee | | | | | | | | | | | | | |

(III) Details of entrusted cash asset management**1. Entrusted money management****(1) General condition of entrusted money management**

☐ Applicable ☒ Not applicable

(2) Single entrusted money management

☐ Applicable ☒ Not applicable

(3) Impairment reserve of entrusted money management

☐ Applicable ☒ Not applicable

2. Entrusted loan**(1) Overall situation of entrusted loans**

Unit: Million Yuan Currency: RMB

| Type | Capital source | Amount incurred | Undue amount | Due amount outstanding |
|----------------|----------------|-----------------|--------------|------------------------|
| Entrusted loan | Self-owned | 780.0 | 1,349.0 | |

(2) Single entrusted loan

Unit: Yuan Currency: RMB

| Entrustee | Type of entrusted loan | Amount of entrusted loan | Starting date | Termination date | Capital source | Use of capital | Determination of remuneration | Annual rate of return | Expected earning (if any) | Actual income or loss | Actual recovery | Whether it has gone through legal procedures | Whether there is entrusted loan plan in the future | Amount of provisions for impairment (if any) |
|------------------------|------------------------|--------------------------|--------------------|--------------------|--------------------|---------------------------------|-------------------------------|-----------------------|---------------------------|-----------------------|-----------------|--|--|--|
| SDIC Finance Co., Ltd. | Entrusted loan | 20,000 | August 1, 2018 | August 1, 2021 | Self-owned | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 1,034.2 | 1,034.2 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 3,200 | December 17, 2018 | December 17, 2021 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 165.5 | 165.5 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 2,000 | March 5, 2019 | March 5, 2022 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 103.4 | 103.4 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 1,800 | March 18, 2019 | March 18, 2022 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 93.1 | 93.1 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 6,500 | May 7, 2019 | May 7, 2019 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 336.1 | 336.1 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 1,000 | June 19, 2019 | June 19, 2022 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 51.7 | 51.7 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 1,200 | September 17, 2019 | September 17, 2022 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 62.0 | 62.0 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 3,500 | November 6, 2019 | November 6, 2022 | Self-owned capital | Yunnan Metallurgical New Energy | Loan contract | 5.1% | | 181.0 | 181.0 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 2,000 | October 8, 2018 | October 8, 2021 | Self-owned capital | SDIC Kingrock | Loan contract | 4.3% | | 87.2 | 87.2 | Yes | Yes | |
| SDIC Finance | Entrusted loan | 16,000 | January 9, 2019 | January 9, 2022 | Self-owned capital | SDIC New Energy | Loan contract | 5.1% | | 827.3 | 827.3 | Yes | Yes | |

| | | | | | | | | | | | | | | |
|------------------------|----------------|--------|-------------------|--------------------|--------------------|------------------------------------|---------------|-------|--|---------|---------|-----|-----|--|
| Co., Ltd. | | | | | | | | | | | | | | |
| SDIC Finance Co., Ltd. | Entrusted loan | 6,000 | March 25, 2019 | March 25, 2022 | Self-owned capital | SDIC New Energy | Loan contract | 5.1% | | 310.2 | 310.2 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 6,000 | April 29, 2019 | April 29, 2022 | Self-owned capital | SDIC New Energy | Loan contract | 5.1% | | 310.2 | 310.2 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 2,000 | October 18, 2019 | October 18, 2022 | Self-owned capital | SDIC New Energy | Loan contract | 5.1% | | 103.4 | 103.4 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 6,500 | July 2, 2020 | July 2, 2022 | Self-owned capital | Toksun Tianhe | Loan contract | 4.3% | | 142.5 | 142.5 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 1,300 | April 27, 2020 | October 13, 2023 | Self-owned capital | Huzhou Xianghui | Loan contract | 4.35% | | 26.5 | 26.5 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 8,000 | August 14, 2020 | August 14, 2021 | Self-owned capital | Huzhou Xianghui | Loan contract | 4.35% | | 135.3 | 135.3 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 24,500 | January 21, 2021 | January 21, 2023 | Self-owned capital | Dingbian Angli | Loan contract | 4.75% | | 1,118.5 | 1,118.5 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 2,800 | June 15, 2020 | June 22, 2020 | Self-owned capital | Xiangshui Hengneng | Loan contract | 4.13% | | 2.2 | 2.2 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 600 | June 15, 2020 | September 11, 2021 | Self-owned capital | Yongneng Solar Power | Loan contract | 4.13% | | 6.0 | 6.0 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 19,000 | October 28, 2020 | October 28, 2023 | Self-owned capital | Jingbian Zhiguang | Loan contract | 4.30% | | 147.5 | 147.5 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 3,700 | December 29, 2020 | December 29, 2023 | Self-owned capital | Zhangjiakou Solar Energy | Loan contract | 4.30% | | 1.3 | 1.3 | Yes | Yes | |
| SDIC Finance Co., Ltd. | Entrusted loan | 2,000 | June 17, 2020 | June 17, 2023 | Self-owned capital | Jiuquan 1 st wind power | Loan contract | 4.30% | | 47.3 | 47.3 | Yes | Yes | |

Other conditions

☐ Applicable" ☒ Not applicable"

(3) Impairment reserve of entrusted loan

☐ Applicable" ☒ Not applicable"

3. Other conditions

☐ Applicable" ☒ Not applicable"

(IV) Other major contracts

☐ Applicable" ☒ Not applicable"

XVI. Other major matters

☐ Applicable" ☒ Not applicable"

XVII. Details of active performance of social responsibilities**(I) Poverty-relief work of listed company**

☒ Applicable" ☐ Not applicable"

1. Targeted poverty alleviation program

☒ Applicable" ☐ Not applicable"

In 2020, the Company's precision poverty alleviation work insisted on co-planning and co-deploying the poverty alleviation work with the Company's reform and management work, and intensified efforts on precision poverty alleviation, actively fulfilled the responsibilities of enterprises, and established a good image of the Company.

2. Annual targeted poverty alleviation overview

☒ Applicable" ☐ Not applicable"

According to its 2020 poverty alleviation plan, the Company and its controlled companies selected temporary cadres to provide support for poverty alleviation and carried out research work on poverty alleviation for several times, so as to timely and effectively understand local demands and practical difficulties, strictly followed "The External Donation Management Measures of SDIC Power Holdings Co., Ltd.", regulated external donations, and carried out external donations in compliance with laws and regulations. In 2020, the Company and its controlled companies had spent a total of RMB 45.5135 million in cash and RMB 46,2000 in materials for precision poverty alleviation, helping 1,908 persons out of poverty in total.

3. Achievements of targeted poverty alleviation

☒ Applicable" ☐ Not applicable"

Unit: 10,000 Yuan Currency: RMB

| Index | Quantity and development |
|--|--------------------------|
| 1. General conditions | |
| Including: 1. Capital | 4,551.35 |
| 2. Goods equivalent amount | 4.62 |
| 3. Number of registered poverty people out of poverty (person) | 1,908 |

| | |
|---|---|
| II. Input by item | |
| 1. Poverty alleviation through industrial development | |
| Including: 1.1 Type of industrial poverty-relief project | "√ Poverty alleviation through agriculture, forest and animal product industry" "□ Poverty alleviation through tourism" "□ Poverty alleviation through E-commerce" "□ Poverty alleviation through assets income" "□ Poverty alleviation through technology " "√ Other" |
| 1.2 Number of industrial poverty-relief project (number) | 6 |
| 1.3 Amount invested in industrial poverty-relief project | 283.6 |
| 1.4. Number of registered poverty people out of poverty (person) | 1,492 |
| 2. Poverty alleviation through transfer employment | |
| Including: 2.1 Amount invested in vocational skill training | 0 |
| 2.2 Number of vocational skill training people (person/time) | 0 |
| 2.3. Number of registered poverty people realizing employment (person) | 0 |
| 3. Poverty alleviation through relocation | |
| Including: 3.1 Number of relocated people realizing employment (person) | 0 |
| 4. Poverty alleviation through education | |
| Including: 4.1 Amount invested in financing for poor students | 11.63 |
| 4.2 Number of financed poor students (person) | 247 |
| 4.3 Amounted invested in improving educational resources of poverty-stricken area | 18.77 |
| 5. Poverty alleviation of health | |
| Including: 5.1 Amount invested in medical and health resources of poverty-stricken area | 232.85 |
| 6. Poverty alleviation through ecological protection | |
| Including: 6.1 Type of project | "√Carry out ecological protection and construction" "√Establishment of ecological protection compensation mode" "√ Other" |
| 6.2 Amount invested | 222.2 |
| 7. Reveals guarantee | |
| Including: 7.1 Amount invested in helping "three-left-behind" people | 1.45 |
| 7.2 Number of "three-left-behind" people | 88 |

| | |
|---|---|
| (person) | |
| 7.3 Amount invested in helping poverty people with disabilities | 0.55 |
| 7.4 Number of poverty people with disabilities (person) | 14 |
| 8. Social poverty alleviation | |
| Including: | 0 |
| 8.1 Amount invested in poverty alleviation in east and west regions | |
| 8.2 Amount invested in fixed-point poverty alleviation work | 28 |
| 8.3 Non-profit fund in poverty alleviation | 0 |
| 9. Other projects | |
| Including: | 23 |
| 9.1 Number of projects (number) | |
| 9.2 Amount invested | 3,756.91 |
| 9.3. Number of registered poverty people out of poverty (person) | 416 |
| 9.4 Description on other projects | Infrastructure construction: Construction of cultural facilities and living facilities; Funds for poverty alleviation activities; Poverty alleviation donation. |
| III. Received awards (content, level) | |
| <p>1. The "water-like love building a dream" volunteer service activity of Yalong River Hydropower was awarded as the "National Best Volunteer Service Activity".</p> <p>2. Yalong River Hydropower was rated as "Advanced Group for Poverty Alleviation" by SDIC. Deng Zongxiang, a poverty alleviation cadre, won the "Outstanding Contribution Award for Poverty Alleviation" of SDIC. Poverty alleviation cadres Qiu Hua, Gao Peng, Zhang Wei and Jin Xue won the "Achievement Award for Poverty Alleviation" of SDIC.</p> <p>3. The poverty alleviation micro-film "Take Up the Steps" produced by Yalong River Hydropower won the first prize in the National Socialist Core Values Micro-film (Micro-video) Contest, the gold medal in the 6th Sichuan Workers Micro-film Contest, the special gold medal in the First Micro-film Competition of Sichuan Province Mechatronics Coal System, and the first prize in Sichuan Province "Positive Energy for Good Netizen in Sichuan" contest.</p> <p>4. The poverty alleviation micro-film "On the Poverty Alleviation Way" produced by Yalong River Hydropower won the video category excellence award in the "Poverty Alleviation Stories I've Experienced" solicitation activity under the guidance of the Poverty Alleviation Office of the State Council, organized by "China Poverty Alleviation" magazine and Xinhuanet.</p> <p>5. SDIC Dachaoshan was awarded as "Advanced Group for Poverty Alleviation" by SDIC.</p> <p>6. SDIC Qinzhou was awarded as the "fighting against poverty and striving for a better life together" medal issued by Qinnan District, Qinzhou City. Gong Xiaoyong won the Outstanding Poverty Alleviation "understanding person" in Pubei County, Liu Guanghui won the Napeng Town Poverty Alleviation "Excellence Award", and Gong Weihua and Meng Jinsheng won SDIC Group's "Poverty Alleviation Achievement Award".</p> <p>7. Qinghai Beikeliang Wind Power Project was awarded with honorary plaque of "Poverty Alleviation for Education" by Haixi Prefecture Poverty Alleviation Association.</p> <p>8. SDIC Panjiang was awarded with the banner of "poverty alleviation and poverty relief exhibition, responsibility of central enterprises, warm people's heart for the people" by Boguo Town, Panzhou City.</p> <p>9. SDIC Panjiang was awarded with the banner of "Joining Hands to Help Alleviate Poverty and Build a Beautiful Home" by the People's Government of Baoji Miao and Yi Township, Panzhou City.</p> | |

4. Follow-up targeted poverty alleviation program

"√ Applicable" "□ Not applicable"

In 2021, the Company will promote the effective connection of poverty alleviation and rural revitalization, consolidate the results of poverty alleviation, and further strengthen the missions. Through the solid implementation of poverty alleviation work, with the efforts in industry, education, and infrastructure construction areas, by strengthening the harmonious cooperation between government and enterprises, the company will continuously contribute its efforts to poverty alleviation.

(II) Details of social responsibility work

"√ Applicable" "□ Not applicable"

In 2020, the Company firmly fulfilled its social responsibilities and actively contributed its efforts to social development and stability.

After the outbreak of the COVID-19 pandemic, the Company actively assumed its social responsibilities, and responded by donating cash and anti-pandemic materials. During the fight against the pandemic, in order to further support Pingtang County, Guizhou Province to improve its public health inspection and testing capabilities, and effectively respond to the prevention and control of the pandemic, the Company donated RMB 2.3285 million for the renovation and upgrading of the laboratory of Pingtang County Center for Disease Control and Prevention; Yalong River Hydropower actively responded to the local calls and donated RMB 5 million to support the pandemic prevention and control work of West China Hospital of Sichuan University and Sichuan Provincial People's Hospital, and donated RMB 5 million to the pandemic area through the donation platform of SDIC Group; SDIC Xiaosanxia has donated RMB 200,000 to the Red Cross Society of Baiyin City to fight against the pandemic. In addition, all controlled companies actively responded to the national call to purchase unsold agricultural products in designated poverty alleviation counties and unsold agricultural and sideline products in Hubei, fully supported pandemic prevention and control, and actively fulfilled their corporate social responsibilities.

As one of the main sponsors of Sichuan Foundation for Justice and Courage, Yalong River hydropower donated RMB 500,000 to Sichuan Foundation for Justice and Courage, to protect and reward justice and bravery, and to promote deeds of justice and bravery in Sichuan Province.

Huaxia Power, by uniting streets, communities, schools and other institutions, brings warmth and care to the recipients in diversified forms. It signs a joint construction agreement with the village committee of Zhen'an Village, Haicang District, and provides subsidies to help orphaned and widowed elderly people solve their difficulties in life every year.

SDIC Xiaosanxia actively participates in social welfare undertakings, and organizes donation activities for Heshui County, Gansu Province to help the local poverty alleviation.

SDIC Panjiang donated RMB 27,000 to the Guiyang Ecological Civilization Foundation of Guizhou Province to fulfill the obligations of ecological environmental protection and help Guizhou Province to overcome poverty and to construct ecology civilization experimental zone.

Guizhou Liupanshui Waste-to-energy Power Plant, a subsidiary of Newsy China, produced stable production during the pandemic, achieved daily domestic waste collection, effectively avoided the accumulation of harmful waste, prevented the breeding and spread of germs, and minimized environmental pollution, and

helped Liupanshui City to prevent and control the pandemic, contributing its efforts to the development of circular economy.

(III) Information on environmental protection

1. Environmental protection of SDIC Power and its key subsidiaries which are incorporated in the list of key pollutant discharging entities as announced by the environmental protection department

(1) Information on pollutant discharge

"√ Applicable " ☐ Not applicable "

The thermal power enterprises of SDIC Power are on the list of key pollution discharging entities. The desulfurization and dedusting work of the thermal power plants are performed stably, and the emission of various pollutants complies with requirements specified by the country, various provinces and regions.

(2) Construction and operation of pollution prevention and control facilities

"√ Applicable " ☐ Not applicable "

The coal-fired thermal power enterprises affiliated to SDIC Power have built pollution prevention and control facilities in accordance with national and local requirements, and have ensured the normal operation of such pollution prevention and control facilities.

(3) Information on environmental impact assessment of construction project and other environmental protection administrative permits

"√ Applicable " ☐ Not applicable "

Environmental impact assessment has been provided for construction projects of SDIC Power as required, and the environmental protection acceptance has been done as required.

(4) Contingency plan for environmental emergencies

"√ Applicable " ☐ Not applicable "

The Company has formulated and strictly implemented contingency plans for environmental emergencies in accordance with national and local requirements.

(5) Environmental self-monitoring plan

"√ Applicable " ☐ Not applicable "

The Company has provided online monitoring of pollutants in strict compliance with national and local requirements. SDIC Power has prepared the self-monitoring plans according to relevant requirements of pollutant discharge permit system and self-monitoring standards, and implemented them strictly.

(6) Other environmental information to be disclosed

"√ Applicable " ☐ Not applicable "

In accordance with the relevant requirements of the state, the relevant information of the Company's emission permit shall be submitted to the competent department of environmental protection in time, and the information shall be disclosed as required.

2. Information on environmental protection of companies other than those key pollution discharging entities

☐ Applicable " ☒ Not applicable "

3. Reason for failure of companies other than those key pollution discharging entities to disclose the environmental information

☐ Applicable " ☒ Not applicable "

4. Information on subsequent progress or changes of environmental information disclosed during the reporting period

☐ Applicable " ☒ Not applicable "

(IV) Additional information

☐ Applicable " ☐ Not applicable "

XVIII. Convertible corporate bonds

☐ Applicable " ☒ Not applicable "

Section Note: For more details of important events that have occurred since the end of the financial year, please refer to the "SUBSEQUENT EVENTS" section on page F 117.

Section VI Changes and Shareholders of Common Shares

I. Changes of capital stocks of common shares

(I) Table of changes of common shares

1. Table of changes of common shares

Unit : share

| | Before this change | | Increase/decrease (+, -) | | | | | After this change | |
|--|--------------------|----------------|--------------------------|------------------|--------------------------------------|--------|-------------|-------------------|----------------|
| | quantity | Proportion (%) | New issue of shares | Presented shares | Shares transferred from reserve fund | Others | Subtotal | Quantity | Proportion (%) |
| I. Shares with trading limited conditions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II. Tradable shares without trading limited conditions | 6,786,023,347 | 100 | 179,850,000 | 0 | 0 | 0 | 179,850,000 | 6,965,873,347 | 100 |
| 1.RMB common share | 6,786,023,347 | 100 | 179,850,000 | 0 | 0 | 0 | 179,850,000 | 6,965,873,347 | 100 |
| III. Total number of common shares | 6,786,023,347 | 100 | 179,850,000 | 0 | 0 | 0 | 179,850,000 | 6,965,873,347 | 100 |

2. Changes of common shares

" ☒ Applicable " " ☐ Not applicable "

(1) The Company issued GDRs and listed on London Stock Exchange

On October 22, 2020, 16,350,000 Global Depositary Receipts ("GDRs") issued by the Company were listed on London Stock Exchange, which 1 GDR representing 10 A share. The corresponding basic newly-increased A share stock numbers were 163,500,000 shares. The stock numbers of the Company were totally up to 6,949,523,347 shares. (For more details, see Shanghai Stock Exchange announcement 2020-043)

(2) Exercising GDR-related over-allotment right

On November 19, 2020, due to the exercise of the over-allotment right, the Company issued additional 1,635,000 GDRs. As 1 GDR representing 10 A shares, the Company correspondingly added 16,350,000 A shares, totally up to 6,965,873,347 shares. (For more details, see Shanghai Stock Exchange Announcement 2020-048)

3. Impact of changes of common shares on the earnings per share, net assets per share and other financial indexes in the most recent year and in the most recent period (if any)

" ☒ Applicable " " ☐ Not applicable "

On Nov 19, 2020, the Company completed the issuance of 17,98,5000 GDRs, representing 179,850,000 A-share stock of underlying securities. The total stock numbers of the Company increased from 6,786,023,347 shares before issuance to 6,965,873,347 shares after issuance. The amount of total capital stock of the Company increased from 6,786,023,347 Yuan before issuance to 6,965,873,347 Yuan after issuance. Due to the equity increase, the Company's earnings per share for the report period and net assets per share at the end of the reporting period are diluted. Based on weighted average number of shares, earnings per share in 2020 are RMB 0.7767 yuan and net assets per share at the end of the term are RMB 5.91 yuan.

4. Information disclosure deemed necessary by SDIC Power or required by the securities regulatory institution

☐ Applicable " ☒ Not applicable "

(II) Changes in equity with trading limited conditions

☐ Applicable " ☒ Not applicable "

II. Issuance and listing of securities

(I) Issuance of securities by the end of reporting period

☒ Applicable " ☐ Not applicable "

Unit : share Currency: RMB

| Types of stocks and their derivative securities | Date of issuance | Issue price (or interest rate) | Issue quantity | date of listing | Amount of approved listing trade | Transaction termination date |
|---|------------------|----------------------------------|------------------|-----------------|----------------------------------|------------------------------|
| Common shares | | | | | | |
| Convertible corporate bonds, separable convertible bonds, corporate bonds | | | | | | |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2020 (first issue) | Jun 4,2020 | 3.40% | 0.5 billion yuan | Jun 16,2020 | 0.5 billion yuan | Jun 4,2023 |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2020 (second issue) | Nov 30,2020 | 4.06% | 1.2 billion yuan | Dec 16,2020 | 1.2 billion yuan | Nov 30,2022 |

| Other derivative securities | | | | | | |
|---|-------------|------------|-------------------|-------------|-------------------|---|
| Global depositary receipts | Oct 16,2020 | US\$ 12.27 | 16,350,000 shares | Oct 22,2020 | 16,350,000 shares | - |
| Global depositary receipts (over-allotment) | Oct 16,2020 | US\$ 12.27 | 1,635,000 shares | Nov 19,2020 | 1,635,000 shares | - |

Note: 1 GDR represents 10 A shares.

Issuance of securities by the end of reporting period (respectively specify bonds with different interest rates in the duration) :

"☐ Applicable " "☒ Not applicable "

(II) Changes of total number of common shares and of shareholder structure, and changes of assets and liability structure of SDIC Power

"☒ Applicable " "☐ Not applicable "

During the reporting period, the total number of shares increased from 6,786,023,347 to 6,965,873,347 for GDRs issued and listed on the London Stock Exchange. The changes of the Company' s assets and liabilities structure could be found in this report “discussion and analysis of operating conditions”, (II) Main operations within report period and (III) Analysis of assets and liabilities.

(III) Existing employee stocks

"☐ Applicable " "☒ Not applicable "

III. Shareholders and actual controllers

(I) Total quantity of shareholders

| | |
|--|---------|
| Quantity of holders of common shares by the end of the reporting period (Nos.) | 103,370 |
| Quantity of holders of common shares by the end of the last month before the disclosure date of annual report (Nos.) | 101,190 |

(II) Shareholding of top ten shareholders and top ten holders of tradable shares (or shareholders without trading limited conditions) by the end of the reporting period

Unit: share

| Shareholding of top ten shareholders | | | | | | | |
|--|---|--|----------------|---|-------------------|----------|--------------------------|
| Name of shareholder (full name) | Increase/decrease in the reporting period | Quantity of shares held at the end of period | Proportion (%) | Quantity of held shares with trading limited conditions | Pledged or frozen | | Nature of shareholder |
| | | | | | Share Status | Quantity | |
| State Development & Investment Group Co., Ltd. | 0 | 3,337,136,589 | 47.91 | - | None | - | State-owned legal person |
| China Yangtze Power Co., Ltd. | 250,055,228 | 970,043,585 | 13.93 | - | None | - | State-owned legal person |
| China Securities | 0 | 203,657,917 | 2.92 | | None | | State-owned legal person |

| Finance Corp. | | | | | | | |
|--|--|-----------------------------|---------------|---|------|---|----------------------|
| Citibank, National Association | 179,850,000 | 179,850,000 | 2.58 | | | | Foreign legal person |
| Hong Kong Securities Clearing Co., Ltd. | -60,460,649 | 152,031,077 | 2.18 | - | None | - | Foreign legal person |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Caizhi Fund | 0 | 90,460,317 | 1.30 | - | None | - | Unknown |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Juzhi Fund | 0 | 75,687,364 | 1.09 | - | None | - | Unknown |
| National Council for Social Security Fund of the PRC 109 portfolio | 59,414,619 | 59,414,619 | 0.85 | - | None | - | Unknown |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund | 0 | 54,988,628 | 0.79 | - | None | - | Unknown |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund | 0 | 54,369,047 | 0.78 | - | None | - | Unknown |
| Description of shareholding of top ten shareholders without trading limited conditions | | | | | | | |
| Name of shareholder | Quantity of held tradable share without trading limited conditions | Type and quantity of shares | | | | | |
| | | Type | Quantity | | | | |
| State Development & Investment Group Co., Ltd. | 3,337,136,589 | RMB common share | 3,337,136,589 | | | | |
| China Yangtze Power Co., Ltd. | 970,043,585 | RMB common share | 970,043,585 | | | | |
| China Securities Finance Corp. | 203,657,917 | RMB common share | 203,657,917 | | | | |
| Citibank, National Association | 179,850,000 | RMB common share | 179,850,000 | | | | |
| Hong Kong Securities Clearing Co., Ltd. | 152,031,077 | RMB common share | 152,031,077 | | | | |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Caizhi Fund | 90,460,317 | RMB common share | 90,460,317 | | | | |

| | | | |
|--|--|------------------|------------|
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Juzhi Fund | 75,687,364 | RMB common share | 75,687,364 |
| National Council for Social Security Fund of the PRC 109 portfolio | 59,414,619 | RMB common share | 59,414,619 |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund | 54,988,628 | RMB common share | 54,988,628 |
| Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund | 54,369,047 | RMB common share | 54,369,047 |
| Description of association relationship or concerted action of the shareholders listed above | The largest shareholder SDIC has no association relationship with other nine shareholders and doesn't belong to the person acting in concert specified in the <i>Measures for the Administration of the Takeover of Listed Companies</i> ; Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Caizhi Fund, Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Juzhi Fund, Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Huizhi Fund, and Shanghai Chongyang Strategic Investment Co., Ltd. - Chongyang Strategic Yingzhi Fund are persons acting in concert; associated relationship among other shareholders is unknown and whether other shareholders belong to the person acting in concert specified in the <i>Measures for the Administration of the Takeover of Listed Companies</i> is unknown. | | |

Note :

Citibank, National Association is the depositary of GDR of the company, and the domestic ordinary A shares corresponding to GDR are registered under Citibank, National Association according to law. According to the depositary's statistics, as of the end of the reporting period, there were 17,985,000 GDRs in existence, accounting for 100 % of the number approved by the CSRC.

Quantity of shares held by top ten shareholders with trading limited conditions, and description of these trading limited conditions

☐ Applicable " ☒ Not applicable "

(III) Top ten shareholders converted from strategic investors or general legal persons who participate in the rights issue

☐ Applicable " ☒ Not applicable "

IV. Controlling shareholders and actual controllers

(I) Controlling shareholders

1 Legal person

☒ Applicable " ☐ Not applicable "

| | |
|---|---|
| Description | State Development & Investment Group Co., Ltd. |
| Company principal or legal representative | Bai Tao |
| Date of establishment | Apr. 14, 1995 |
| Main place of business | Operation of state-owned assets as authorized by the State Council, and development of relevant investment businesses; investment and investment management in fields of energy, transport, fertilizer, high-tech industry, financial service, consultation, guarantee, trading, bio-mass energy, pension industry, big data, medical treatment and health, inspection and testing; assets management; economic information |

| | |
|---|---|
| | consultation; technical development and technical services. (The enterprise is required to select and perform the operations by law; the approved projects can be only executed within the limits as specified in the approval document; nobody is allowed to engage in operation activities which are prohibited or limited by the industrial policies of the local city.) |
| Other overseas listed companies hold and shared during the reporting period | SDIC Power exercises actual control and indirect control of a total of 8 other domestic and foreign listed companies: Complant Ltd. (000151.SZ), SDIC Capital (600061.SH), SDIC Zhonglu (600962.SH), Hua Lien International (0969.HK), Zhongxin Fruit (SEG), YAPP (603013.SH), CHSR (000008.SZ) and Meiya Pico (300188.SZ). |

2 Natural person

☐ Applicable " ☒ Not applicable "

3 Special description of non-existence of controlling shareholder in SDIC Power

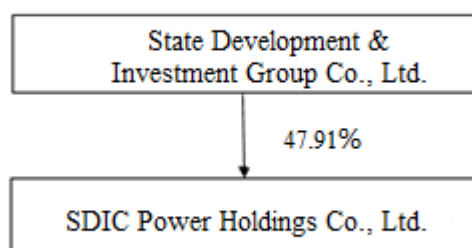
☐ Applicable " ☒ Not applicable "

4 Indexes and dates of changes of controlling shareholders in the reporting period

☐ Applicable " ☒ Not applicable "

5 Block diagram of equity and control relationship between SDIC Power and the controlling shareholder

☒ Applicable " ☐ Not applicable "



(II) Description of actual controller

1 Legal person

☒ Applicable " ☐ Not applicable "

| | |
|-------------|---|
| Description | State-owned Assets Supervision and Administration Commission of the State Council |
|-------------|---|

2 Natural person

☐ Applicable " ☒ Not applicable "

3 Special information on non-existence of actual controller in SDIC Power

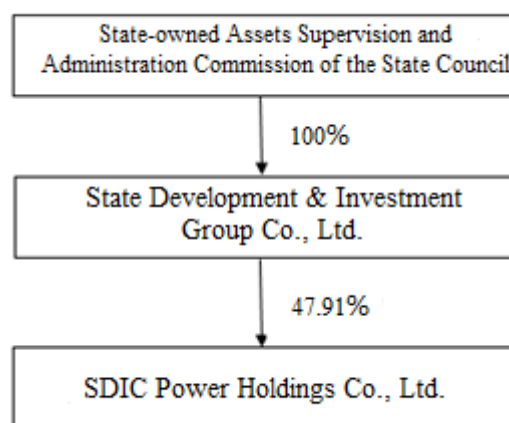
☐ Applicable " ☒ Not applicable "

4 Indexes and dates of changes of actual controllers in the reporting period

☐ Applicable " ☒ Not applicable "

5 Block diagram of equity and control relationship between SDIC Power and the actual controller

☒ Applicable " ☐ Not applicable "



6 Controlling of SDIC Power by the actual controller by trusting or other assets management method

☐ Applicable " ☐ Not applicable "

(III) Additional information on the controlling shareholder and actual controller

☐ Applicable " ☒ Not applicable "

V. Other legal person shareholders with the shareholding proportion higher than 10%

☒ Applicable " ☐ Not applicable "

Unit: Yuan Currency: RMB

| Name of corporate shareholder | Company principal or legal representative | Date of establishment | Organization structure Code | Registered capital | Information on main business or management activities |
|-------------------------------|---|-----------------------|-----------------------------|--------------------|---|
| China Yangtze Power Co., Ltd. | Lei Mingshan | 2002-11-04 | 71093040-5 | 22,741,859,230 | Electric power generation, operation and investment; technical consultation on electric power generation; maintenance of hydropower projects. |

VI. Restricted reduction of shares

☐ Applicable " ☒ Not applicable "

Section VII Preferred Stock

"☐ Applicable " "☒ Not applicable "

Section VIII Information on Directors, Supervisors, Senior Management Personnel and Employees

I. Shareholding changes and payments

(I) Shareholding changes and payments of directors, supervisors and senior management personnel who are currently in office and leaved post during the reporting period

"√ Applicable " "□ Not applicable "

Unit: share

| Name | Position (note) | Sex | Age | Starting date of term of office | Ending date of term of office | Shares held at the beginning of the year | Shares held at the end of the year | Increase/decrease of shares in the year | Reason | Total payment received from SDIC Power during the reporting period (10,000 Yuan) | Whether any payment is received from related party of SDIC Power |
|----------------|---|------|-----|---------------------------------|-------------------------------|--|------------------------------------|---|--------|--|--|
| Zhu Jiwei | Chairman of the Board of Directors | Male | 50 | Mar. 8, 2019 | - | 0 | 0 | 0 | - | 136.97 | No |
| Luo Shaoxiang | Deputy Chairman of the Board of Directors | Male | 56 | Feb. 26, 2016 | - | 0 | 0 | 0 | - | 0 | Yes |
| Zhang Wenping | Director | Male | 50 | Jan. 15, 2021 | - | 0 | 0 | 0 | | 0 | No |
| | General Manager | | | Dec.14,2020 | - | | | | | | |
| Jiang Hua | Director | Male | 42 | Mar.25, 2019 | Oct.23,2020 | 6,000 | 6,000 | 0 | - | 93.96 | No |
| | General Manager | | | Mar.28, 2019 | Oct.23,2020 | | | | | | |
| Zeng Ming | Independent director | Male | 63 | Jul. 27, 2015 | - | 0 | 0 | 0 | - | 8 | No |
| Shao Lvwei | Independent director | Male | 54 | May 5, 2015 | - | 0 | 0 | 0 | - | 8 | No |
| Yu Yingmin | Independent director | Male | 54 | Sep. 6, 2019 | - | 0 | 0 | 0 | - | 8 | No |
| Zhang Yuanling | Director | Male | 58 | Nov.15, 2017 | - | 0 | 0 | 0 | - | 0 | Yes |
| Zhan | Director | Male | 48 | Sept. 6, 2019 | - | 0 | 0 | 0 | - | 0 | Yes |

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| Pingyuan | | | | | | | | | | | |
|---------------|---|--------|----|---------------|--------------|-------|-------|---|---|--------|-----|
| Gao Hai | Employee director | Male | 52 | Jan. 27, 2021 | - | 0 | 0 | 0 | - | 0 | No |
| Li Jun | Employee director | Male | 57 | Apr. 1, 2019 | May. 7, 2020 | 0 | 0 | 0 | - | 57.4 | No |
| Qu Lixin | Chairman of the Board of Supervisors | Male | 53 | Jan.31, 2019 | - | 0 | 0 | 0 | - | 0 | Yes |
| Zhang Haijuan | Supervisor | Female | 39 | Sept. 6, 2019 | - | 0 | 0 | 0 | - | 0 | Yes |
| Ma Bin | Employee Supervisor | Male | 52 | Aug.13, 2018 | - | 0 | 0 | 0 | - | 76.16 | No |
| Zhao Fengbo | Deputy General Manager | Male | 56 | Nov.24, 2014 | Mar. 9, 2020 | 0 | 0 | 0 | - | 48.71 | No |
| Yu Haimiao | Deputy General Manager | Male | 46 | Mar.9, 2020 | - | 0 | 0 | 0 | - | 40.53 | No |
| Yang Lin | Secretary of the Board of Directors | Male | 48 | Apr. 10, 2013 | - | 0 | 0 | 0 | - | 83.18 | No |
| Zhang Kaihong | Deputy General Manager | Male | 44 | Mar.9, 2020 | - | 0 | 0 | 0 | - | 40.78 | No |
| Zhou Changxin | Deputy General Manager and Financial Supervisor | Male | 46 | Mar.9, 2020 | - | 0 | 0 | 0 | - | 36.69 | No |
| Niu Yuexiang | Financial Supervisor | Female | 55 | Dec.28, 2018 | Mar.27, 2020 | 0 | 0 | 0 | - | 46.35 | No |
| Total | / | / | / | / | / | 6,000 | 6,000 | 0 | / | 684.73 | / |

| Name | Track record |
|-----------|---|
| Zhu Jiwei | He, an engineer, acted as General Manager and Secretary of the Party Committee of Xiamen Huaxia International Power Development Co., Ltd. and General Manager and Deputy Secretary of the Party Committee of SDIC Power Holdings Co., Ltd., and now he acts as the Chairman of Board of Directors and Secretary of the Party Committee of SDIC Power Holdings Co., Ltd. |

| | |
|----------------|--|
| Luo Shaoxiang | He, a senior engineer, acted as Deputy Director and Director of Strategic Development Department, and Director of Operation and Management Department of SDIC, and at present, act as the full-time stock director of SDIC and the Deputy Chairman of the Board of Directors of SDIC Power Holdings Co., Ltd. |
| Zhang Wenping | He, a professorate senior accountant, senior engineer, acted as Chief accountant, member of Party Committee and Chairman of Trade Union of Xiamen Huaxia International Power Development Co., Ltd., Deputy General Manager of Fujian Pacific Electric Co., Ltd., Deputy General Manager of SDIC (Fujian) Meizhouwan Electric Power Co., Ltd., General Manager and Secretary of the Party Committee of Xiamen Huaxia International Power Development Co., Ltd., Deputy Director of finance department of SDIC. Now he acts as the General Manager and Deputy Secretary of the Party Committee of SDIC Power Holding Co., Ltd. |
| Jiang Hua | He, a senior engineer, acted as Deputy Manager and Manager of Production & Operation Department of SDIC Power Holdings Co., Ltd., Deputy General Manager of Tianjin SDIC Jinneng Electric Power Co., Ltd., General Manager of SDIC Qinzhou Electric Power Co., Ltd. and General Manager Assistant, Deputy General Manager and General Manager of SDIC Power Holdings Co., Ltd., and he resigned in October 2020. |
| Zeng Ming | He, a professor in electric power technology economics and management specialty, was honored with first class candidates of “hundred, thousand and ten thousands talent” engineering and academic leading person of "cross century" and at present, he acts as the professor and PHD supervisor of Economics and Management School of North China Electric Power University, director of Research and Consulting Center of Energy and Power Economy of North China Electric Power University, principal of Beijing “Power Market Teaching Team” and Independent Director of SDIC Power Holdings Co., Ltd. |
| Shao Lvwei | He, a lawyer, acts as partner and director of Jiangsu New Talent Law Firm and Independent Director of SDIC Power Holdings Co., Ltd. |
| Yu Yingmin | He, an associate professor of accounting, now acts as accounting professor and doctoral supervisor of School of Finance, Central University of Finance and Economics, and Independent Director of SDIC Power Holdings Co., Ltd. |
| Zhang Yuanling | He, a senior engineer, acted as Deputy Manager of Project Management Department of SDIC Power Holdings Co., Ltd., General Manager of SDIC Gansu Xiaosanxia Power Co., Ltd., Deputy General Manager of SDIC Power Holdings Co., Ltd. and General Manager of SDIC Chuangyi Industry Fund Management Co., Ltd., and now he acts as the full-time Stock Director of SDIC and the Director of SDIC Power Holdings Co., Ltd. |
| Zhan Pingyuan | He, a senior accountant, and now he acts as Financial Supervisor of China Yangtze Power Co., Ltd. and Independent Director of SDIC Power Holdings Co., Ltd. |
| Gao Hai | He, a senior economist, acted as Deputy Manager of General Administration Department, Manager of Fuel Management Department, Manager of Commerce Department, now he acts as Employee Director, General Manager Assistant and Manager of Commerce Department of SDIC Power Holdings Co., Ltd. |
| Li Jun | He, a researcher-level senior engineer, acted as Chief Engineer, Deputy General Manager and Deputy Secretary of the Party Committee of SDIC Power Holdings Co., Ltd., and he resigned in May 2020. |
| Qu Lixin | He, a senior accountant, acted as General Manager Assistant & Financial Principal of SDIC Huajing Power Holdings Co., Ltd., Deputy General Manager and Employee director of SDIC Power Holdings Co., Ltd., and now he acts as Resident Auditor of Audit Department of SDIC and the Chairman of the Board of Supervisors of SDIC Power Holdings Co., Ltd. |
| Zhang Haijuan | She, a senior economist, acted as Assistant to Audit Director of No. 1 Audit Business Section of Audit Department of SDIC, and Audit Supervisor of No. 1 Audit Team of Audit Center, and now acts as Audit Supervisor of No. 1 Audit Team of Audit Evaluation Center of Audit Department of SDIC, and the Supervisor of SDIC Power Holdings Co., Ltd. |
| Ma Bin | He, a researcher-level senior accountant, acted as Chief Accountant and Secretary of the commission for discipline inspection of SDIC Xuancheng Power Generation Co., Ltd., Deputy General Manager of SDIC Panjiang Power Generation Co., Ltd. and Senior Business Manager at Audit Post of Audit Department of SDIC Power Holdings Co., Ltd., and now acts as Manager of Audit Department and the Employee Supervisor of SDIC Power Holdings Co., Ltd. |
| Zhao Fengbo | He, a senior economist, acted as Deputy General Manager of Business Development Department, Chief Economist and Deputy General Manager of SDIC Power Holdings Co., Ltd. He resigned as Deputy General Manager in March 2020. |

| | |
|---------------|--|
| Yu Haimiao | He, a professorate senior engineer, acted as Director of Engineering Technology Department, Deputy Chief Engineer, Chief Engineer, Deputy General Manager of Tianjin SDIC Jinneng Electric Power Co., Ltd., General Manager and Party Committee Secretary of SDIC Genting Meizhouwan Electric Power Co., Ltd., and now acts as Deputy General Manager of SDIC Power Holdings Co., Ltd. |
| Yang Lin | He, a senior economist, acted as Manager of Business Development Department, Manager of General Administration department, Responsible Project Manager, Manager of HR department of SDIC Huajing Power Holdings Co., Ltd., Manager of HR department of SDIC Power Holdings Co., Ltd. and now acts as Secretary of the Board of Directors of SDIC Power Holdings Co., Ltd. |
| Zhang Kaihong | He, a senior engineer, acted as Manager of Business Development Department and International Business Department, General Manager Assistant of SDIC Power Holding Co., Ltd., now acts as Deputy General Manager of SDIC Power Holding Co., Ltd. |
| Zhou Changxin | He, a professorate senior accountant, acted as General Accountant and Deputy General Manager of Guangxi Railway Investment Group Co., Ltd., General Accountant of Guangxi Tourism Development Group Co., Ltd., General Accountant of China New Era Holding Group Co., Ltd. Now he acts as Deputy General Manager and Financial Supervisor of SDIC Power Holding Co., Ltd. |
| Niu Yuexiang | She, an accountant, acted as Deputy Manager and Manager of Finance and Accounting Department, and General Manager Assistant and Financial Supervisor, Senior Consultant of SDIC Power Holdings Co., Ltd. She resigned in March 2020. |

Additional information

☐ Applicable " ☒ Not applicable "

(II) Equity-based incentives for directors, supervisors and senior management personnel in the reporting period

☐ Applicable " ☒ Not applicable "

II. Posts of directors, supervisors and senior management personnel who are currently in office and leaved post during the reporting period

(I) Post in the shareholding companies

☒ Applicable " ☐ Not applicable "

| Name of person | Name of shareholding company | Post in the shareholding company | Starting date of term of office | Ending date of term of office |
|----------------|---|--------------------------------------|---------------------------------|-------------------------------|
| Luo Shaoxiang | State Development & Investment Group Co., Ltd. | Full-time Stock Director | April 2016 | - |
| | SDIC Mining Investment Co., Ltd. | Director | December 2015 | - |
| | China SDIC Gaoxin Industrial Investment Corp., Ltd. | Director | April 2020 | |
| Zhang Wenping | SDIC Traffic Holding Co., Ltd. | Director | December 2018 | January 2021 |
| | SDIC Intelligent Technology Co., Ltd. | Director | April 2020 | January 2021 |
| | SDIC Gaoxin Industry Investment Co., Ltd. | Director | March 2020 | January 2021 |
| Zhang Yuanling | State Development & Investment Group Co., Ltd. | Full-time Stock Director | June 2017 | |
| | SDIC Health Co., Ltd. | Director | October 2020 | |
| | SDIC Assets Management Co., Ltd. | Director | August 2017 | October 2020 |
| Qu Lixin | State Development & Investment Group Co., Ltd. | Resident Auditor of Audit Department | December 2018 | - |
| | SDIC Capital Co., Ltd. | Chairman of the Board of Supervisors | April 2019 | |

| | | | | |
|---|--|---|----------------|---|
| | SDIC Intelligent Technology Co., Ltd. | Chairman of the Board of Supervisors | April 2019 | |
| Zhang Haijuan | State Development & Investment Group Co., Ltd. | Audit Supervisor of No. 1 Audit Team of Audit Evaluation Center | December 2020 | - |
| | SDIC Intelligent Technology Co., Ltd. | Supervisor | September 2018 | |
| Description of Post in the shareholding company | | | | |

(II) Post status in other organizations

"√ Applicable " "□ Not applicable "

| Name of person | Name of the other organizations | Post in the other organization | Starting date of term of office | Ending date of term of office |
|--|--|--|---------------------------------|-------------------------------|
| Zeng Ming | Economics and Management School of North China Electric Power University | Professor | December 2010 | - |
| | Jointo Energy Investment Co., Ltd. Hebei | Independent director | March 2016 | - |
| | GCL Intelligent Energy Co., Ltd. | Independent director | June 2019 | - |
| Shao Lvwei | Jiangsu New Talent Law Firm | Partner, director | June 1996 | - |
| | Jiangsu Yangnong Chemical Stock Co., Ltd. | Independent director | April 2016 | - |
| | Jiangsu Aoyang Health Industry Co., Ltd. | Independent director | February 2018 | |
| Yu Yingmin | Central University of Finance and Economics | Professor, Doctor Tutor | July 2005 | |
| | Genimous Technology Co., Ltd. | Independent director | January 2015 | January 2021 |
| | Sichuan Shuangma Cement Co., Ltd. | Independent director | August 2017 | July 2020 |
| | Huabao Food Flavours & Fragrances Co., Ltd. | Independent director | November 2016 | |
| | Guangzhou Tech-Long Co., Ltd. | Independent director | December 2018 | |
| Zhan Pingyuan | China Yangtze Power Co., Ltd. | Chief Financial Officer, General Legal Counsel | April 2019 | |
| | China Yangtze Power Capital Co., Ltd. | Chairman, President | November 2019 | |
| | China Yangtze Power Andes Co., Ltd. | Director | November 2019 | April 2020 |
| | China Yangtze Power Investment Management Co., Ltd. | Chairman, General Manager | September 2020 | |
| | China Yangtze Power International (Hongkong) Co., Ltd. | Director | December 2020 | |
| Description of Post in other organizations | | | | |

III. Compensation of directors, supervisors and senior management

"√ Applicable " "□ Not applicable "

| | |
|--|--|
| Decision-making procedure for compensation of directors, supervisors and senior management | The compensation of directors and supervisors shall be reviewed and approved by the board of directors before implementation. The compensation of senior management personnel shall be reviewed by Compensation and Assessment Committee of the board of directors and approved by the board of directors. |
| Basis for determination of compensation of directors, supervisors and senior management | 1. The compensation for directors and supervisors are determined according to "Method of Assessment and Management of Compensations for Directors, Supervisors and Senior Management of SDIC Power". 2. In the reporting period, the compensation for the senior management are determined pursuant to "Method of Management of Compensation for Senior Management of SDIC Power" and "Method of Performance Examination and Management of Senior Management of SDIC Power". |
| Description of actual payment of compensation of directors, supervisors and senior management | Refer to "(I) Shareholding changes and compensation of incumbent and resigned directors, supervisors and senior management in the reporting period, I. Description of shareholding changes and compensation". |
| Total of compensation of directors, supervisors and senior management at the end of reporting period | 6.8473 million Yuan |

IV. Changes of directors, supervisors and senior management of SDIC Power

"√ Applicable " "□ Not applicable "

| Name | Post held | Description of change | Reason for change |
|---------------|---------------------------------------|-----------------------|---|
| Zhang Wenping | Director | Elected | Elected by Board of Directors and General Meeting of Shareholders |
| | General Manager | Appointed | Appointed by Board of Directors |
| Jiang Hua | Director | Resigned | Quit due to job change |
| | General Manager | Resigned | Quit due to job change |
| Gao Hai | Employee Director | Elected | Elected by the Employees' Assembly |
| Li Jun | Employee Director | Resigned | Quit due to job change |
| Zhao Fengbo | Deputy General Manager | Resigned | Quit due to job change |
| Yu Haimiao | Deputy General Manager | Appointed | Appointed by Board of Directors |
| Zhang Kaihong | Deputy General Manager | Appointed | Appointed by Board of Directors |
| Zhou Changxin | Deputy General Manager, Finance Chief | Appointed | Appointed by Board of Directors |
| Niu Yuexiang | Financial Supervisor | Resigned | Retirement |

V. Punishment imposed by securities regulation authority in recent three years

"□ Applicable " "√ Not applicable "

VI. Status of the staff in parent company and main subsidiaries**(I) Status of the staff**

| | |
|---|--|
| Number of the incumbent staff in the parent company | 111 |
| Number of the incumbent staff in the major subsidiary | 8,503 |
| Total number of incumbent staff | 8,614 |
| Number of retirees whose expense are undertaken by the parent company and main subsidiaries | 5 |
| Status of professional occupation | |
| Category of professional occupation | Number of employees of the professional occupation |
| Production personnel | 5,316 |
| Sales personnel | 84 |
| Technical personnel | 1,627 |
| Financial personnel | 267 |
| Administration personnel | 1,320 |
| Total | 8,614 |
| Education background | |
| Category of education background | Number (person) |
| Master's degree and above | 447 |
| Bachelor degree | 3,958 |
| College degree | 1,834 |
| Technical secondary school and below | 2,375 |
| Total | 8614 |

Note: Due to the implementation of socialized management of retirees in 2020, a total of 689 retirees' management and service functions were handed over. At present, the number of retirees whose expense are undertaken by the parent company and main subsidiaries is only 5.

(II) Compensation policy

☒ Applicable " ☐ Not applicable "

SDIC Power shall strictly execute the labor cost and gross payroll management in this year, revise gross payroll management policy of holding investment enterprises, improve the management system and management mechanism, adhere to the principle of efficiency matching, and ensure that the payment schedule of each holding investment enterprise's payroll was synchronized with the time schedule and that the growth of total labor cost and total payroll was in line with the growth of economic benefits. The increase of gross payroll shall focus on stable growth of benefits and incline to enterprises that have made breakthroughs in reform and innovation. SDIC Power shall constantly strengthen the incentive and constraint of income distribution and the potential tapping effect of leverage, so as to make the distribution of benefits and wages more targeted. Meanwhile, by making full use of the financial data comprehensive management platform, SDIC Power shall closely follow up the implementation of the labor cost budget of each enterprise, do a good job of information statistics and analysis, and in particular, find out and analyze causes to any significant increase or decrease of labor cost. With regard to the salary distribution, SDIC Power shall avoid equalitarianism, widen the distribution gap moderately, reflect the value of the job, and give the priority to the key technical jobs and the production line employees, so as to motivate the enthusiasm of employees of various enterprises and use the salary as a guide and incentive.

(III) Training plan

☒ Applicable " ☐ Not applicable "

In 2020, the training work closely focused on SDIC Power's development strategy and annual key training plan. From the perspective of business needs and talent development, various special trainings were organized and

carried out. Affected by the COVID-19 epidemic, the training progress in the first half of the year was hindered. SDIC Power actively explored the training mode under the new situation, organized online training, and carried out face-to-face courses under the premise of meeting the requirements of epidemic prevention and control, so as to actively promote the matching between the talents reserve and SDIC Power's strategy.

Firstly, the Company innovated training model, using live online training, held two international talent micro-course training which lasted for seven months. The courses invited internal and external lecturers with years of practical experience in overseas projects to teach and impart lessons, focusing on topics such as overseas project investment, overseas HR management, cross-border legal and compliance matters and international finance and taxation. Two international live broadcast training sessions were conducted for a total of 467 members, which accelerated the integration of staff with international business and laid a talent foundation for the rapid expansion of future international projects.

Secondly, the Company continued to pay attention to employees' English application ability, carried out "English face-to-face off-job training", "Business English face-to-face" and online English training courses. For the first time, the "English face-to-face off-job training" held a special financial course in three months, and set up the financial and accounting English course. A total of six financial backbones were selected to participate in the training. Business English face-to-face professors employ foreign professors to teach accurately according to students' English level. All English courses run through the whole year, with a total of 97 training sessions, providing multiple English learning channels for employees and improving the practical application and communication ability of business English for employees.

Thirdly, the 2020 induction trainings for new employees were organized. Trainings were carried out from the aspects of SDIC Power's development process, development strategy, business profile, employee promotion and development channels, all kinds of information management systems, code of conduct and professional ethics education, etc., so that the new employees could have a more comprehensive and in-depth understanding of production, operation and management of SDIC Power.

Fourthly, SDIC Power organized and carried out trainings on archives management and confidentiality management, actively participated in all kinds of trainings held by superiors and outsiders, promoted the online learning platform and WeChat public account resources in the Company and enterprises, and made full use of fragmented time to improve the overall professional quality of employees.

(IV) Labor outsourcing

"☐ Applicable " "☒ Not applicable "

VII. Other

"☐ Applicable " "☒ Not applicable "

Section IX Corporate Governance

Overview

As a public company listed in both domestic and overseas, the Company has been operating business in a standard manner and in strict compliance with the requirements set forth in the laws, regulations and regulatory documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market.

The Company is principally governed by the general meeting of its shareholders (the “general meeting”), the Board of Directors, the Supervisory Committee and senior management. A brief description of the general meeting, the Board of Directors, the Supervisory Committee and senior management of the Company is set out below.

General Meeting

The general meeting is the governing authority of the Company. General meetings include annual general meetings and extraordinary general meetings. An annual general meeting is required to be called once a year, within six months following the end of the previous fiscal year. An extraordinary general meeting is required to be called within two months from the date of the occurrence of any of the following circumstances:

- the number of Directors is fewer than six;
- the losses of the Company that have not been made up reach one third of its total share capital;
- shareholders that hold, individually or collectively, 10% or more of the shares of the Company request to hold such a meeting;
- the Board of Directors considers it necessary;
- the Supervisory Committee proposes to hold such a meeting; or
- other circumstances as provided by relevant laws, administrative regulations, departmental rules or the Articles of Association.

Board of Directors

The Board of Directors is responsible for the general management of the Company and is accountable to the general meeting. Board meetings include routine board meetings and extraordinary board meetings. A routine board meeting is required to be called semi-annually. An extraordinary board meeting may be called upon demand.

Supervisory Committee

The Supervisory Committee is responsible for overseeing the Company’s general management and is accountable to the general meeting.

Diversity

The Company believes that the increasing diversity of the administrative, management and supervisory bodies is one of the key factors that help support its strategic objectives and maintain sustainable development. At present, the Company’s administrative, management and supervisory bodies are diversified in terms of gender, region and professional background: The Supervisory Committee includes 1 female supervisor and 2 male

supervisors. Among the 9 directors of the Board of Directors, the 3 independent directors are respectively from the power industry, legal compliance, accounting and auditing fields, with various academic backgrounds and professional advantages.

I. Description of corporate Governance

"√ Applicable " "□ Not applicable "

In the reporting period, SDIC Power has continuously improved the governance structure of legal person and standardized operation of SDIC Power based on requirements of laws and regulations, such as *Company Law*, *Securities Law*, *Guidelines for Articles of Association of Chinese Listed Companies* and *Code of Governance for Chinese Listed Companies*. SDIC Power is fully subject to Code of Governance for Chinese Listed Companies (the relevant code is set out on http://www.csrc.gov.cn/pub/zjhpublic/zjh/201809/t20180930_344906.htm) and combined with actual situation of SDIC Power. Directors and supervisors of SDIC Power have been diligent and responsible. Manager level and other senior management personnel have carried out their duties according to laws. Legal rights and interests of SDIC Power and shareholders have been effectively maintained.

(I) Strengthen the system construction. In the reporting period, SDIC Power amended *Articles of Association*, *Rules of Procedure of the General Meeting of Shareholders*, *Rules of Procedure of the Board of Directors* and *Rules of Procedure of the Board of Supervisors*, to further comply with the relevant policy requirements of the CSRC and the Shanghai Stock Exchange and protect the interests of SDIC Power's shareholders.

(II) Legally and effectively implement the function of “one meeting and two boards” (general meeting of shareholders, board of directors and board of supervisors) and management level. SDIC Power established general meeting of shareholders, board of directors and board of supervisors. Strategy Committee, Audit Committee, Nomination Committee, and Compensation and Assessment Committee were established under the board of directors. System of “one meeting and two boards” and management level has been complete. In reporting period, SDIC Power operated based on laws, studied and knew securities and futures laws, administrative regulations, rules and normative documents, well implemented decision-making and supervision function, persisted in the “openness, fairness and justice” principle, make full use of the status of general meeting of stockholders as the highest decision-making body and paid attention to protection of lawful right and interests of shareholders. In the reporting period, SDIC Power totally held 4 general meetings of shareholders, 15 meetings of board of directors, 9 meetings of board of supervisors and 15 specialized committee meetings of board of directors. Operation of “one meeting and two boards” and management level met relevant regulations of *Articles of Association* and supervision regulations and management decision conformed to interests of all shareholders.

(III) Legally disclose information. SDIC Power established *Management System of Information Disclosure Matters* and *Management Method of Internal Report of Major Information*. The investment enterprises appointed information disclosure liaison person to ensure prompt transmission, collection and effective management of major information in SDIC Power. SDIC Power established the Accountability System for Major Error in Annual Report. Preparation of annual report was in the charge of the secretary of board of directors. In preparation of annual report, Audit Committee, independent directors, directors, supervisors and senior management personnel fully performed their duties. Authenticity, accuracy and integrity of disclosed information were ensured through specifying responsibilities and strictly reviewing. During the reporting period, SDIC Power made 4 regular reporting disclosures and 52 provisional announcement disclosures. The information disclosure was based on the

compliance with regulatory requirements, met the needs of investors, fully and objectively reflected the true value of SDIC Power.

(IV) Manage the relationships with the investors properly. SDIC Power further enhanced the publicity of corporate value, attached much importance to the management of relationship with the investors, increased exchanges with investors in various forms, and received more than 300 organizations and individual investors for surveying. Through reverse roadshow, performance explanation meeting, strategy exchange meeting, investor hotline and SSE E-interaction and other forms and platforms, the seamless connection with the capital market and the dual-way communication with the investors were realized.

(V) Manage the Registration of Insiders. During the reporting period, the Company completed the registration and reporting of insiders with periodic reports and major issues according to *Insider Information Confidential System*. There was no insider trading.

Whether there is major difference between the corporate governance and requirements of CSRC; if any, describe the reason.

☐ Applicable " ☒ Not applicable "

(VI) The Board's broader assessment of the Company's ongoing viability. The Board's viability statement, set out on page 83, is for the period of twelve months. This time period was chosen as most of the Company's subsidiaries currently have a twelve month planning period for their respective business plans. The Board will consider in the future the business plans for all members of the Group.

II. Brief introduction to general meeting of shareholders

| Session | Date of holding | Query index of resolution published at the designated website | Date of disclosure of the resolution |
|--|-----------------|---|--------------------------------------|
| Annual General Meeting of shareholders 2019 | Jun. 18, 2020 | Refer to the bulletins released on the website of Shanghai Stock Exchange www.sse.com.cn , Bulletin No.: 2020-020 | Jun. 19, 2020 |
| First interim general meeting of shareholders in 2020 | Jul. 28, 2020 | Announcement No.: 2020-031 | Jul. 29, 2020 |
| Second interim general meeting of shareholders in 2020 | Aug. 11, 2020 | Announcement No.: 2020-033 | Aug. 12, 2020 |
| Third interim general meeting of shareholders in 2020 | Sep. 25, 2020 | Announcement No.: 2020-036 | Sep. 26, 2020 |

Description of general meeting of shareholders

☐ Applicable " ☒ Not applicable "

III. Performance of directors

(I) Attendance of directors in meeting of board of directors and general meeting of shareholders

| Director Name | Whether an independent director or not | Attendance in the meeting of board of directors | | | | | | Attendance in the general meeting of shareholders |
|---------------|--|---|-----------------------------|-------------------------------------|---------------------------|----------------------|-------------------------------------|---|
| | | Number of meetings of board | Number Of personal attendan | Number of attendance s via communic | Number Of attendan ces by | Numbe r of absenc es | Whether failed to attend personally | Number of attendances in general meeting of |

| | | of directors to be attended during this year | ces | ation channel | entrust ment | Frequ ency | for two consecutiv e times | shareholders |
|----------------|-----|---|-----|------------------|-----------------|---------------|----------------------------------|--------------|
| Zhu Jiwei | No | 15 | 15 | 14 | 0 | 0 | No | 4 |
| Luo Shaoxiang | No | 15 | 15 | 14 | 0 | 0 | No | 3 |
| Zhang Wenping | No | 0 | 0 | 0 | 0 | 0 | No | 0 |
| Jiang Hua | No | 11 | 11 | 10 | 0 | 0 | No | 0 |
| Zeng Ming | Yes | 15 | 15 | 14 | 0 | 0 | No | 0 |
| Shao Lvwei | Yes | 15 | 15 | 14 | 0 | 0 | No | 1 |
| Yu Yingmin | Yes | 15 | 15 | 14 | 0 | 0 | No | 1 |
| Zhang Yuanling | No | 15 | 15 | 14 | 0 | 0 | No | 2 |
| Zhan Pingyuan | No | 15 | 15 | 14 | 0 | 0 | No | 0 |
| Gao Hai | No | 0 | 0 | 0 | 0 | 0 | No | 0 |
| Li Jun | No | 5 | 5 | 4 | 0 | 0 | No | 0 |

Description of failure to attend personally for two consecutive times

☐ Applicable " ☒ Not applicable "

| | |
|---|----|
| Number of meetings of board of directors held in the year | 15 |
| Including: Number of field meetings | 1 |
| Number of meetings convened via communication channel | 14 |
| Number of meetings convened on site and via communication channel | 0 |

(II) Objection from independent directors on related issues of SDIC Power

☐ Applicable " ☒ Not applicable "

(III) Other

☐ Applicable " ☒ Not applicable "

IV. Important opinions and suggestions made by special committees under the board of directors in performance of responsibilities in reporting period; if there was any objection, specific information shall be disclosed.

☐ Applicable " ☒ Not applicable "

V. Description of risks of SDIC Power identified by the Board of Supervisors

☐ Applicable " ☒ Not applicable "

VI. Description of failure to ensure the independency and independent operation with respect to the businesses, personnel, assets, organizations and finance of SDIC Power and its controlling shareholders

☐ Applicable " ☒ Not applicable "

Solutions, work schedule and follow-up work plan of SDIC Power in case of horizontal competition

☐ Applicable " ☒ Not applicable "

VII. Establishment and implementation of assessment and incentive mechanisms for senior management personnel in reporting period

☒ Applicable " ☐ Not applicable "

SDIC Power promotes the professional manager system pilot reform to constantly energize the enterprise. SDIC Power signs “Labor Contract”, “Employment Contract”, “Annual Performance Contract” and “Contract on Performance in Term of Office”, and defines the market-based and contract-based management mode. With respect to incentives, the professional manager incentive mechanism is based on the examination and assessment, and is correlated with the job responsibilities and working performance. The short-term incentive is combined with the middle and long-term incentives, and the spiritual motivation is combined with the material motivation. Meanwhile, the “five-in-one” supervision & restraint system is developed to strengthen the supervision and binding on the professional manager.

VIII. Whether the self-evaluation report of internal control was disclosed

☒ Applicable " ☐ Not applicable "

The Chinese version of internal self-evaluation report and the annual report were disclosed at the same time. See the bulletin on website of Shanghai Stock Exchange on that date.

Description of major defects of internal control in the reporting period

☐ Applicable " ☒ Not applicable "

According to the identification of major defects in the company's internal control over financial reporting, there are no major defects in the internal control over financial reporting on the base date of the internal control evaluation report. The board of Directors believes that the company has maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the enterprise's internal control standard system and relevant regulations.

IX. Description of internal control audit report

☒ Applicable " ☐ Not applicable "

SDIC Power engaged BDO China Shu Lun Pan Certified Public Accountants LLP (special general partnership) to audit the effectiveness of internal control of financial statements in 2020. BDO China Shu Lun Pan Certified Public Accountants LLP issued standard unqualified audit report for internal control which was disclosed with the Chinese version annual report at the same time. See the bulletin on website of Shanghai Stock Exchange on that date.

Whether the internal control audit report was disclosed: Yes

Type of internal control audit report: standard unqualified audit opinion

X. Viability Statement

Viability Statement

The directors have assessed the prospects of the Company for twelve months from 31 December 2020, and confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due over the period of their assessment.

At 31 of December 2020, a portion of the funding requirements of the Group for the capital expenditures was satisfied by short-term borrowings. At 31 of December 2020 the Group had a net current liability of approximately 15,619.7m (2019: RMB9,799.3m). The Group has significant undrawn credit facilities, subject to certain conditions, amounting to approximately RMB182,756m (2019:RMB145,858m), the Group could re-finance and or restructure certain short-term loans and borrowings into long-term borrowings and will also consider alternative sources of financing, where applicable. The directors of the company are of the opinion that the Group will be able to meet its liabilities and other financial commitments as and when they fall due within the next 12 months. Therefore, the consolidated financial statements have been prepared on a going concern basis.

A period of twelve months from 31 December 2020 has been chosen as this is the timeframe currently adopted by the Board as its strategic and financial planning horizon. This assessment of viability has been made with reference to the Group's current position and future prospects, its strategy, the market outlook, the financing and the principal risk and management thereof.

The strategy and principal risks of the Group are reviewed by the directors and when the prospects of each business are discussed; assumptions are made regarding entering into new business, about future growth rates of the existing businesses and about the acceptable performance of existing businesses. This review considers the Group's growth potential, its cash flows, financing options and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period. It also takes into account business development, and any potential merger and acquisition transactions.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements. The directors have reported in the annual and half-yearly consolidated financial statements that the business is a going concern, with supporting assumptions qualifications as necessary.

XI. Other

"☐ Applicable " "☒ Not applicable "

Section X Corporate Bonds

"√ Applicable " "□ Not applicable "

I. Overview of the corporate bonds

Unit: 10,000 Yuan Currency: RMB

| Name of bond | Abbreviation | Code | Date of issuance | Due date | Balance of bond | Interest rate (%) | Method of repayment of principal and interest | Place of trading |
|--|-----------------|--------|-------------------------------------|---------------|-----------------|-------------------|---|-------------------------|
| Corporate bond in 2016 of SDIC Power Holdings Co., Ltd. (first issue) | 16 SDIC Power | 136793 | Oct. 26, 2016 | Oct. 27, 2021 | 70,000 | 3.10 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| Corporate bond in 2016 of SDIC Power Holdings Co., Ltd. (second issue) | 16 SDIC Holding | 136838 | Nov. 17, 2016 | Nov. 18, 2021 | 50,000 | 3.32 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2018 (first issue) | 18 Power Y1 | 143953 | From Mar. 14, 2018 to Mar. 15, 2018 | Mar. 15, 2021 | 50,000 | 5.50 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in | 18 Power Y2 | 143973 | From May 8, 2018 to May 9, 2018 | May 9, 2021 | 150,000 | 5.23 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the | Shanghai Stock Exchange |

| | | | | | | | | |
|--|------------------|--------|---|---------------------|----------|-------|--|-------------------------------|
| 2018 (second issue) | | | | | | | principal. | |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2018 (third issue) | 18 Power Y3 | 143994 | From Jul. 17, 2018 to Jul. 18, 2018 | Jul. 18, 2021 | 200,000 | 4.98 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| SDIC Power Holdings Co., Ltd. publicly issued corporate bonds to qualified investors in 2019 (first issue) | 19 SDIC Power | 155457 | From Jun.11, 2019 to Jun.12, 2019 | Jun.12, 2029 | 120,000 | 4.59 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2020 (first issue) | 2020 Power Y1 | 163599 | Jun.4,2020 | Jun.4, 2023 | 50,000 | 3.40 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| SDIC Power Holdings Co., Ltd. publicly issued renewable corporate bonds to qualified investors in 2020 (second issue) | 2020 Power Y2 | 175432 | Nov. 30, 2020 | Nov. 30, 2022 | 120, 000 | 4. 06 | Repayment of interest on a yearly basis, repayment of the full principal at maturity, and repayment of final interest with the principal. | Shanghai Stock Exchange |
| | | | | | | | | |

Repayment of interests of the corporate bonds

"√ Applicable " "□ Not applicable "

Up to the end of the reporting period, the principals and interests of corporate bonds were repaid as scheduled, and no default occurred.

Additional information on corporate bonds

☐ Applicable " ☒ Not applicable "

II. Contact person and contact method of the trustee and contact method of credit rating agency of corporate bonds

| | | |
|----------------------------|----------------|--|
| Trustee of corporate bonds | Description | CITIC Securities Co., Ltd. |
| | Office address | North Building, Times Square Excellence (Phase II), No. 8, Zhongxin 3rd Road, Futian District, Shenzhen, Guangdong |
| | Associate | Zhou Weifan |
| | Contact Tel: | 010-60833607 |
| Credit rating agency | Description | China Chengxin Securities Rating Co., Ltd. |
| | Office address | Anji building, No. 760 South Xizang Road, Shanghai |

Additional information:

☐ Applicable " ☒ Not applicable "

III. Utilization of the fund raised by issuance of the corporate bonds

☒ Applicable " ☐ Not applicable "

1. According to *Prospectus for Public Issuance of 2016 Corporate Bonds (First Issue) (to Qualified Investors)* disclosed on Oct. 24, 2016 by SDIC Power, bonds of the current issue are used for debt restructuring, and the raised funds have been used up for this purpose by the end of the reporting period.

2. According to *Prospectus for Public Issuance of 2016 Corporate Bonds (Second Issue) (to Qualified Investors)* disclosed on Nov. 15, 2016 by SDIC Power, bonds of the current issue are used for debt restructuring after deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

3. According to *Prospectus for Public Issuance of 2018 Renewable Corporate Bonds (First Issue) to Qualified Investors* disclosed on Mar. 12, 2018 by SDIC Power, bonds of the current issue are used to supplement the working capital after deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

4. According to *Prospectus for Public Issuance of 2018 Renewable Corporate Bonds (Second Issue) to Qualified Investors* disclosed on May 4, 2018 by SDIC Power, bonds of the current issue are used to repay the loans from financial institutions, restructure debts and supplement the working capital after deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

5. According to *Prospectus for Public Issuance of 2018 Renewable Corporate Bonds (Third Issue) to Qualified Investors* disclosed on Jul. 13, 2018 by SDIC Power, bonds of the current issue are used to repay the loans from financial institutions, restructure debts and supplement the working capital after deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

6. According to *Prospectus for Public Issuance of 2019 Corporate Bonds (First Issue) to Qualified Investors* disclosed on Jun. 6, 2019 by SDIC Power, bonds of the current issue are used to repay the loans from financial institutions, restructure debts, supplement the working capital or used for other purposes allowed by law after

deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

7. According to *Prospectus for Public Issuance of 2020 Renewable Corporate Bonds (First Issue) to Qualified Investors* disclosed on Jun. 1, 2020 by SDIC Power, bonds of the current issue are used to repay the loans from financial institutions, restructure debts, supplement the working capital or used for other purposes allowed by law after deducting the issuing expenses, and the raised funds have been used up for this purpose by the end of the reporting period.

8. According to *Prospectus for Public Issuance of 2020 Renewable Corporate Bonds (Second Issue) to Qualified Investors* disclosed on Nov. 25, 2020 by SDIC Power, bonds of the current issue are used to repay the loans from financial institutions, restructure debts, supplement the working capital or used for other purposes allowed by law after deducting the issuing expenses, funds raised at the end of the reporting period were used for this purpose, and the balance was 663.53 million yuan.

IV. Rating of corporate bonds

☒ Applicable " ☐ Not applicable "

Since the listing of the corporate bonds mentioned above, based on the credit rating report and the rating result letter issued by China Chengxin Securities Rating Co., Ltd., the corporate credit rating of SDIC Power was AAA, the credit rating of the current bonds was AAA and the rating outlook was stable.

V. Credit enhancement mechanism, repayment plan and other situations related to the corporate bond in the reporting period

☒ Applicable " ☐ Not applicable "

Credit enhancement mechanism, repayment plan and repayment supporting measures during the reporting period are consistent with the provisions of the prospectus and related commitments. Nothing has been changed.

VI. Meetings convened by holders of corporate bonds

☐ Applicable " ☒ Not applicable "

VII. Performance of trustee of corporate bonds

☒ Applicable " ☐ Not applicable "

The entrusted bond manager of SDIC Power is CITIC Securities Co., Ltd., and the entrusted bond manager released "Entrusted Bond Manager's Report on Bonds of SDIC Power (2019)" on the website of Shanghai Stock Exchange on Jun. 29, 2020.

VIII. Accounting data and financial indicators of SDIC Power in recent two years by the end of the reporting period

☒ Applicable " ☐ Not applicable "

Unit: Million Yuan Currency: RMB

| Main index | 2020 | 2019 | Increase or decrease, (%) | Reason |
|-----------------|----------|----------|---------------------------|----------------------------|
| EBITDA | 23,144.3 | 22,671.8 | 2.08 | |
| Liquidity ratio | 0.57 | 0.72 | -20.83 | Resulting from off-balance |

| | | | | sheet assets for sale held in current period |
|-----------------------------------|--------|--------|---|---|
| Asset-liability ratio (%) | 63.94% | 66.91% | Decreased by 2.97 percent p oints | |
| Total debt ratio of EBITDA | 15.82% | 15.08% | Increased by 0.74 percent points | |
| Interest coverage ratio | 2.86 | 2.47 | 15.93 | |
| Cash interest coverage ratio | 4.89 | 4.54 | 7.70 | |
| EBITDA interest coverage ratio | 4.17 | 3.72 | 12.01 | |
| Loan repayment rate (%) | 100 | 100 | - | |
| Interest coverage (%) | 100 | 100 | - | |

IX. Interest repayment and honor of other bonds and debt financing instruments of SDIC Power

☒ Applicable " ☐ Not applicable "

By the end of report period, principals and interests of financing instruments of other debentures and debts of the company have been repaid on schedule, and no anticipatory breach is found.

X. Bank credit of SDIC Power in the reporting period

☒ Applicable " ☐ Not applicable "

By the end of report period, total credit extension obtained by the company from banks is 317.3 billion Yuan, of which 134.5 billion Yuan has been used.

XI. Performance of commitments or undertakings specified in the bond raising statement of SDIC Power in the reporting period

☒ Applicable " ☐ Not applicable "

For corporate bonds “16 SDIC Power”, “16 SDIC Control”, “18 Power Y1”, “18 Power Y2”, “18 Power Y3”, “19 SDIC Power”, “2020 Power Y1” and “2020 Power Y2”, SDIC Power has performed commitments or undertakings specified in the corporate bond prospectus in the reporting period.

XII. Major events occurred in SDIC Power and their impacts on the operation conditions and solvency of SDIC Power

☐ Applicable " ☒ Not applicable "

Section XI Financial Report

For the Consolidated Financial Statements together with Independent Auditor's Report For the year ended 31 December 2020, please refer to the attached pages (from F-1 to F-129).



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SDIC POWER HOLDINGS CO., LTD

(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of SDIC Power Holdings CO., LTD (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages F6 to F128, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 (“**IFRS**”) as adopted by European Union.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (“**ISAs**”). 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 “**IESBA Code**”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT – *continued*

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Impairment of property, plant and equipment

Refer to notes 2(k), 4(b) and 14 to the consolidated financial statements.

As at 31 December 2020, the carrying amount of the Group's property, plant and equipment was RMB192,354.3 million. In preparation for the Group's future development on its electricity power generation business, the management has performed an impairment assessment on these property, plant and equipment.

The impairment assessment was performed on the relevant asset or the cash generating unit ("CGU") level. The recoverable amount has been determined based on the higher of value-in-use and fair value less costs of disposal. The management estimated value-in-use using discounted cash flow method based on cash flow forecast. In estimating the recoverable amount, the management is required to make significant judgements and to consider all relevant factors with reasonable and supportable assumptions. Based on the assessment result, the Group recognised an impairment loss for its property, plant and equipment of RMB232.7 million.

We have identified the impairment assessment of these property, plant and equipment as a key audit matter because of their significance to the consolidated financial statements and because estimations of recoverable amount involve significant management judgements, assumptions and estimates.

Our response:

Our key audit procedures included:

- Testing the Group's key internal controls over the impairment assessment;
- Evaluating the appropriateness of the methodologies applied;
- Reconciling input data used by the management to supporting evidence, evaluating the reasonableness of management's key assumptions and judgements and understanding management's use of the work of the management's experts; and
- Verifying the mathematical accuracy of the calculation in the impairment assessment.

INDEPENDENT AUDITOR'S REPORT – *continued*

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union, 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.

The directors are also responsible for overseeing the Group's financial reporting process. The audit committee of the Company (the "Audit Committee") assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our 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.

INDEPENDENT AUDITOR'S REPORT - *continued*

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- 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.

INDEPENDENT AUDITOR'S REPORT - *continued*

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

We communicate with the Audit Committee 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 the Audit Committee 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, related safeguards.

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate Number P05057

Hong Kong, 27 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

| | Notes | 2020 RMB (m) | 2019 RMB (m) |
|--|-------|-----------------|-----------------|
| Continuing operations: | | | |
| Revenue | 5 | 39,320.4 | 37,752.0 |
| Cost of sales | | (21,677.9) | (21,367.8) |
| Gross profit | | 17,642.5 | 16,384.2 |
| Administrative cost | | (1,732.2) | (1,272.9) |
| Taxes and surcharges | 10 | (947.3) | (894.4) |
| Distribution cost | | (27.7) | (30.4) |
| Impairment loss of financial assets | 10 | (77.9) | (132.2) |
| Impairment loss of property, plant and equipment | 10 | (232.7) | (29.1) |
| Impairment loss of intangible assets | 10 | (75.4) | (1.7) |
| Impairment loss of inventories | 10 | (10.6) | (45.9) |
| Impairment loss of investment in associates and joint ventures | 10 | (180.9) | - |
| Other income and expense | 7 | 198.6 | 105.7 |
| Operating profit | | 14,556.4 | 14,083.3 |
| Share of results of associates and joint ventures | | 715.7 | 609.1 |
| Investment income | | 90.0 | (2.4) |
| Fair value movements on financial instruments measured at fair value through profit and loss ("FVTPL") | | 1.2 | 8.7 |
| Finance income | 8 | 95.9 | 115.8 |
| Finance costs | 8 | (4,293.3) | (4,617.4) |
| Profit before tax from continuing operations | | 11,165.9 | 10,197.1 |
| Income tax expense | 11 | (1,933.4) | (1,584.2) |
| Profit for the year from continuing operations | | 9,232.5 | 8,612.9 |
| Profit for the year from discontinued operations | 46 | 541.9 | 80.0 |
| Profit for the year | | 9,774.4 | 8,692.9 |
| Other comprehensive income | | | |
| <i>Items that will or may be reclassified to profit or loss</i> | | | |
| Share of other comprehensive income of associates and joint ventures | | 83.3 | (220.9) |
| Cash flow hedging instrument | | (24.8) | (25.5) |
| Exchange loss on translating foreign operations | | (24.5) | (22.5) |
| <i>Items that will not be reclassified to profit or loss</i> | | | |
| Valuation gain in fair value through other comprehensive income ("FVTOCI") | | 1.2 | - |
| Valuation loss in FVTOCI in associates | | (9.9) | (24.9) |
| Other comprehensive income, net of tax | | 25.3 | (293.8) |
| Total comprehensive income for the year | | 9,799.7 | 8,399.1 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- continued

For the year ended 31 December 2020

| | Note | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------|------------------------|------------------------|
| Profit for the year attributable to: | | | |
| Owners of the Company | | 5,513.8 | 4,726.5 |
| Non-controlling interests | | 4,260.6 | 3,966.4 |
| | | 9,774.4 | 8,692.9 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 5,546.3 | 4,428.2 |
| Non-controlling interests | | 4,253.4 | 3,970.9 |
| | | 9,799.7 | 8,399.1 |
| | | | |
| | | RMB | RMB |
| Earnings per share | | | |
| Basic and diluted: | 12 | | |
| From continuing and discontinued operations | | 0.7767 | 0.6662 |
| From continuing operations | | 0.6972 | 0.6359 |
| From discontinued operations | | 0.0795 | 0.0303 |

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

| | Notes | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|-------|------------------------|------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 192,354.3 | 184,487.5 |
| Investment properties | | 90.2 | 96.6 |
| Intangible assets | 15 | 2,269.2 | 2,633.8 |
| Goodwill | 16 | - | 431.5 |
| Investments in associates and joint ventures | 18 | 9,936.7 | 9,707.3 |
| FVTOCI investments | 19 | 137.9 | 116.1 |
| Long-term receivable | 20 | 1,135.0 | 511.4 |
| Deferred tax assets | 21 | 617.6 | 400.3 |
| Other non-current assets | 22 | 1,642.8 | 1,521.5 |
| | | 208,183.7 | 199,906.0 |
| Current assets | | | |
| Inventories | 23 | 954.8 | 1,158.9 |
| Accounts and notes receivables | 24 | 7,466.7 | 5,599.2 |
| Prepayments and other receivables | 25 | 651.9 | 474.5 |
| Tax recoverables | 26 | 1,034.3 | 925.1 |
| Cash and cash equivalents | 27 | 9,552.8 | 8,281.6 |
| Restricted deposits | 28 | 137.1 | 154.1 |
| FVTPL investments | 29 | 1,039.6 | 859.2 |
| | | 20,837.2 | 17,452.6 |
| Assets held-for-sale | 46 | - | 7,481.1 |
| | | 20,837.2 | 24,933.7 |
| Total assets | | 229,020.9 | 224,839.7 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 30 | 6,965.9 | 6,786.0 |
| Perpetual capital securities | 31 | 5,698.9 | 3,999.0 |
| Reserves | 32 | 10,131.2 | 8,418.8 |
| Retained earnings | | 24,426.7 | 21,176.4 |
| Equity attributable to owners of the Company | | 47,222.7 | 40,380.2 |
| Non-controlling interests | 33 | 35,358.7 | 34,011.8 |
| | | 82,581.4 | 74,392.0 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

At 31 December 2020

| | Notes | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|-------|------------------------|------------------------|
| Non-current liabilities | | | |
| Long-term loans | 34 | 103,214.8 | 109,879.5 |
| Long-term bonds | 35 | 5,200.0 | 4,400.0 |
| Long-term payables | 36 | 465.7 | 172.0 |
| Lease liability | 37 | 555.5 | 719.6 |
| Provisions | 38 | 190.7 | 296.7 |
| Deferred income | 39 | 221.8 | 204.9 |
| Deferred tax liabilities | 21 | 134.1 | 42.0 |
| | | 109,982.6 | 115,714.7 |
| Current liabilities | | | |
| Accounts and notes payables | 40 | 3,303.8 | 3,654.7 |
| Other payables | 41 | 6,849.4 | 6,542.2 |
| Income tax payables | | 467.8 | 277.3 |
| Other taxes payables | 42 | 387.9 | 421.5 |
| Dividends payables | | 144.0 | 147.1 |
| Short-term loans | 43 | 7,226.1 | 5,283.8 |
| Short-term bonds | 44 | 2,500.0 | 1,500.0 |
| Current portion of long-term liabilities | 45 | 15,515.4 | 11,276.8 |
| Cash flow hedging instrument | | 62.5 | 31.9 |
| | | 36,456.9 | 29,135.3 |
| Liabilities held-for-sale | 46 | - | 5,597.7 |
| | | 36,456.9 | 34,733.0 |
| Total liabilities | | 146,439.5 | 150,447.7 |
| Total equity and liabilities | | 229,020.9 | 224,839.7 |

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages F6 to F128 were approved and authorised for issue by the Board of Directors on 27 April 2021 and are signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

| | Attributable to equity holders of the Company | | | | | | | | | | | | |
|---|---|---|----------------------------|--------------------------------------|--|--|---|---------------------------|---|------------------------------|------------------|--------------------------------------|-------------------------|
| | Share capital RMB (m) | Perpetual capital securities RMB (m) | Capital reserve RMB (m) | Statutory surplus reserve RMB (m) | Discretionary surplus reserve RMB (m) | Portion of other comprehensive income of associates RMB (m) | Foreign currency translation reserve RMB (m) | FVTOCI reserve RMB (m) | Cash flow hedging instrument RMB (m) | Retained earnings RMB (m) | Total RMB (m) | Non-controlling interests RMB (m) | Total equity RMB (m) |
| At 1 January 2019 | 6,786.0 | 3,999.0 | 6,468.8 | 1,731.6 | 2.4 | 150.2 | 7.7 | (0.9) | - | 18,546.9 | 37,691.7 | 32,491.4 | 70,183.1 |
| Profit for the year | - | - | - | - | - | - | - | - | - | 4,726.5 | 4,726.5 | 3,966.4 | 8,692.9 |
| Other comprehensive income | - | - | - | - | - | (225.4) | (22.5) | (24.9) | (25.5) | - | (298.3) | 4.5 | (293.8) |
| Total comprehensive income for the year | - | - | - | - | - | (225.4) | (22.5) | (24.9) | (25.5) | 4,726.5 | 4,428.2 | 3,970.9 | 8,399.1 |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 271.2 | 271.2 |
| Investment by non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 977.2 | 977.2 |
| Transfer to surplus reserve | - | - | - | 364.6 | - | - | - | - | - | (364.6) | - | - | - |
| Dividends declared | - | - | - | - | - | - | - | - | - | (1,526.9) | (1,526.9) | (3,550.6) | (5,077.5) |
| Interest to holders of perpetual capital securities | - | - | - | - | - | - | - | - | - | (205.5) | (205.5) | - | (205.5) |
| Disposal of subsidiaries | - | - | (7.3) | - | - | - | - | - | - | - | (7.3) | (139.7) | (147.0) |
| Others | - | - | - | - | - | - | - | - | - | - | - | (8.6) | (8.6) |
| At 31 December 2019 and 1 January 2020 | 6,786.0 | 3,999.0 | 6,461.5 | 2,096.2 | 2.4 | (75.2) | (14.8) | (25.8) | (25.5) | 21,176.4 | 40,380.2 | 34,011.8 | 74,392.0 |
| Profit for the year | - | - | - | - | - | - | - | - | - | 5,513.8 | 5,513.8 | 4,260.6 | 9,774.4 |
| Other comprehensive income | - | - | - | - | - | 84.4 | (17.2) | (9.9) | (24.8) | - | 32.5 | (7.2) | 25.3 |
| Total comprehensive income for the year | - | - | - | - | - | 84.4 | (17.2) | (9.9) | (24.8) | 5,513.8 | 5,546.3 | 4,253.4 | 9,799.7 |
| Issue of the Global Depositing Receipts | 179.9 | - | 1,243.0 | - | - | - | - | - | - | - | 1,422.9 | - | 1,422.9 |
| Issue of perpetual capital securities | - | 1,699.9 | - | - | - | - | - | - | - | - | 1,699.9 | - | 1,699.9 |
| Capital contributed from non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | 872.3 | 872.3 |
| Transfer to surplus reserve | - | - | - | 379.3 | - | - | - | - | - | (379.3) | - | - | - |
| Dividends declared | - | - | - | - | - | - | - | - | - | (1,664.6) | (1,664.6) | (3,144.8) | (4,809.4) |
| Interest to holders of perpetual capital securities | - | - | - | - | - | - | - | - | - | (219.6) | (219.6) | - | (219.6) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | - | - | (622.7) | (622.7) |
| Others | - | - | 57.6 | - | - | - | - | - | - | - | 57.6 | (11.3) | 46.3 |
| At 31 December 2020 | 6,965.9 | 5,698.9 | 7,762.1 | 2,475.5 | 2.4 | 9.2 | (32.0) | (35.7) | (50.3) | 24,426.7 | 47,222.7 | 35,358.7 | 82,581.4 |

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

| | Notes | 2020 RMB (m) | 2019 RMB (m) |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Profit for the year from continuing operations | | 9,232.5 | 8,612.9 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment & investment properties | 14 | 6,939.0 | 6,584.2 |
| Impairment loss of property, plant and equipment | 14 | 232.7 | 29.1 |
| Amortisation of intangible assets | 15 | 313.0 | 284.1 |
| Impairment loss of intangible assets | 15 | 75.4 | 1.7 |
| Impairment loss of others | | 269.4 | 178.1 |
| Finance income | 8 | (95.9) | (115.8) |
| Finance expense | 8 | 4,222.5 | 4,583.0 |
| Share of results of associates and joint ventures | | (715.7) | (609.1) |
| Disposal of a subsidiary | 49 | (48.8) | - |
| Investment income | | (28.0) | 2.4 |
| Fair value change income | | (1.2) | 8.7 |
| Loss on disposal of property, plant and equipment | | 17.6 | 21.6 |
| Gain on disposal of property, plant and equipment | | (1.2) | (1.3) |
| Income tax expense | | 1,933.4 | 1,584.2 |
| Operating cash flow before movements in working capital | | 22,344.7 | 21,163.8 |
| Increase in accounts and notes receivables | | (516.3) | (595.1) |
| Decrease/(increase) in inventories | 23 | 206.5 | (131.1) |
| Increase in accounts and other payables | | 847.3 | 1,161.6 |
| Decrease in provisions | 38 | (106.0) | (147.2) |
| Decrease in employee benefit | | (138.3) | (35.7) |
| Cash generated from operations | | 22,637.9 | 21,416.3 |
| Income taxes paid | | (1,989.3) | (1,754.9) |
| Cash flow from continuing operations | | 20,648.6 | 19,661.4 |
| Cash flow from discontinued operations | | (1.3) | 574.1 |
| Net cash generated from operating activities | | 20,647.3 | 20,235.5 |

CONSOLIDATED STATEMENT OF CASH FLOWS - *continued*

For the year ended 31 December 2020

| | Note | 2020 RMB (m) | 2019 RMB (m) |
|---|------|-------------------|-------------------|
| Investing activities | | | |
| Acquisition of subsidiaries, net of cash acquired | 48 | (1,838.6) | (527.3) |
| Disposal of a subsidiary net of cash disposed | 49 | 2.4 | 412.7 |
| Purchases of property, plant and equipment | | (10,300.9) | (9,804.8) |
| Purchases of intangible assets | | (64.2) | (52.0) |
| Disposal of property, plant and equipment | | 250.9 | 5.5 |
| Purchases and disposals of associates | | (268.9) | 259.7 |
| Purchases of FVTPL | | (179.2) | - |
| Purchases of other equity instruments | | (4.3) | - |
| Disposal of financial assets | | 85.5 | - |
| Shareholder loan to associates | | (857.2) | 627.3 |
| Receive of shareholder loan | | 693.0 | - |
| Investment income from financial assets | | 25.5 | - |
| Interest received | | 95.9 | 115.8 |
| Dividends and interests from associates | | 684.6 | 514.0 |
| Other cash (outflows)/inflows related to investing activities | | (62.9) | 32.5 |
| Cash flow from continuing operations | | (11,738.4) | (8,416.6) |
| Cash flow from discontinued operations | | 1,591.9 | (194.9) |
| Net cash used in investing activities | | (10,146.5) | (8,611.5) |
| Financing activities | | | |
| Capital contributed from non-controlling interests | | 869.9 | 977.2 |
| Issue of the perpetual capital securities | 31 | 1,699.9 | - |
| Issue of the Global Depository Receipts | | 1,422.9 | - |
| Fiscally subsidized interest rate of subsidiaries | | - | 30.0 |
| Dividends paid to the owners of the Company | | (1,664.6) | (1,526.9) |
| Dividends paid to non-controlling interests | | (3,162.0) | (3,550.6) |
| Proceeds from loans and borrowings | 54 | 31,984.9 | 28,254.4 |
| Repayment of loans and borrowings | 54 | (34,641.3) | (28,362.4) |
| Interest paid on loans and borrowings | | (5,633.2) | (6,080.8) |
| Interest paid on perpetual capital securities | | (205.6) | - |
| Financial charges | | (41.6) | (32.6) |
| Other cash inflows related to financing activities | | 60.5 | - |
| Cash flow from continuing operations | | (9,310.2) | (10,291.7) |
| Cash flow from discontinued operations | | - | (416.8) |
| Net cash used in financing activities | | (9,310.2) | (10,708.5) |

CONSOLIDATED STATEMENT OF CASH FLOWS - *continued*

For the year ended 31 December 2020

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Net (decrease)/increase in cash and cash equivalents from continuing operations | (400.0) | 953.1 |
| Net increase/(decrease) in cash and cash equivalents from discontinued operations | 1,590.6 | (37.6) |
| Net increase in cash and cash equivalents | 1,190.6 | 915.5 |
| Cash and cash equivalents at beginning of year | | |
| Exchange (loss)/gain on cash and cash equivalents | (85.6) | 62.3 |
| Add: the beginning balance of cash and cash equivalents | 8,447.8 | 7,470.0 |
| Cash and cash equivalents at end of year | 9,552.8 | 8,447.8 |
| Cash and cash equivalents of continuing operations | 9,552.8 | 8,281.6 |
| Cash and cash equivalents of discontinued operations | - | 166.2 |
| Cash and cash equivalents at end of year | 9,552.8 | 8,447.8 |

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

SDIC Power Holdings CO., LTD (the “**Company**”) is a public listed company incorporated in the Peoples Republic of China (the “**PRC**”). The shares and the Global Depository Receipts (“**GDRs**”) of the Company are listed on Shanghai Stock Exchange and London Stock Exchange, respectively. The address of the registered office of the Company is No.1108, 11F, No. 147 Building, Xizhimen Nanxiao Street, Xicheng District, Beijing and the principal place of business is the PRC.

The principal activity of the Company is investment holding and the principal activities of the subsidiaries (together referred to as the “**Group**”) are investment, construction, operation and management of energy projects with electric power production as primary; development and operation of wind, solar and other sustainable power projects, high and new technology and environment protection industry development; operation of electric power products as well as information and consultation services.

The consolidated financial statements are presented in Renminbi (“**RMB**”) rounded to the nearest million, which is the same as the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) and International Accounting Standards (“**IAS**”) and Interpretations (collectively “**IFRSs**”) as issued by the International Accounting Standards Board (“**IASB**”) as endorsed by the European Union.

A summary of the significant accounting policies adopted by the Group is set out below.

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

(b) Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value through other comprehensive income and fair value through profit and loss.

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 the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories, or value-in-use in IAS 36 Impairment of Assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

(b) Basis of preparation of the 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.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgement made by management in the application of IFRSs that have significant effects on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Basis of consolidation

The consolidated financial statements present the results of the Group as if they formed a single entity. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- the size of the Company's holding of voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

(c) Basis of consolidation - *continued*

Continued intercompany transactions and balances between group companies are therefore eliminated in full. Details of the subsidiaries are disclosed in note 17.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group other than those under common control.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any non-controlling interest. The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the consolidated statement of profit or loss and other comprehensive income. All acquisition expenses have been reported within the consolidated statement of profit or loss and other comprehensive income immediately.

The results of acquired operations are included in the consolidated statement of profit or loss and other comprehensive income from the date on which control is obtained applying consistent accounting policies. They are deconsolidated from the date on which control ceases.

Any changes in the Group's ownership interest in subsidiary that does not lead to a loss of control are accounted for as equity transactions.

(d) Business combination under common control

Purchases of subsidiaries as a result of business combination under common control are accounted for using the predecessor values method. Under this method the financial statements of the combined entity are presented as if the business had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts. Any difference between the consideration of the transaction and the carrying amount of the net asset is recorded in equity.

(e) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the shareholder of the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

(e) Non-controlling interests - *continued*

Non-controlling interests are initially measured at the share of identifiable net assets of the subsidiary or for business combinations completed the Group has the choice, on a transaction by transaction basis, to initially recognise any non-controlling interest in the acquire which is a present ownership interest and entitles its holders to a proportionate share of the continued entity's net assets in the event of liquidation at either acquisition date fair value or, at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity. Non-controlling interests are included in the consolidated statement of profit and loss and other comprehensive income as an allocation of profit and loss and total comprehensive income for the year between non-controlling shareholder and the owners of the Company. Profit and loss and other comprehensive income is attributed to the non-controlling interest even if the non-controlling interest has a deficit balance.

(f) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of profit or loss and other comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of profit or loss and other comprehensive income on the acquisition date.

(g) Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives as detailed below.

| | |
|-------------------------------|---|
| - Leasehold land | Shorter of estimated useful life or over the lease term |
| - Buildings and structures | 10 to 50 years |
| - Mechanical equipment | 5 to 30 years |
| - Transportation facilities | 5 to 10 years |
| - Office equipment and others | 3 to 5 years |
| - Highway | Shorter of estimated useful life or over the lease term |

The residual values, useful lives and depreciation methods are reviewed and, adjusted if appropriate, at each reporting period end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(g) Property, plant and equipment- *continued*

Construction in progress and construction materials are recorded at cost being all directly attributable costs necessary for the asset to be located and to operate as intended by management. Depreciation is not recorded until such time as the asset has commenced operations.

(h) Lease

Lease refers to a contract in which the lessor transfers the right to use the asset to the lessee within a certain period to obtain consideration. On the contract start date, the Group evaluates whether the contract is a lease or includes a lease. If a party in a contract cedes the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease.

If the contract includes multiple separate leases in the meantime, the lessee and the lessor will split the contract, and each separate lease will be accounted for. If the contract includes both lease and non-lease parts, the lessee and the lessor split the lease and non-lease parts.

The Group as a lessee

Right-of-use asset

At the beginning of the lease period, the Group confirms the right-of-use assets for leases other than short-term leases and low-value asset leases. Right-of-use assets are initially measured at cost. The cost includes:

- (1) The initial measurement amount of the lease liability;
- (2) For lease payments paid on or before the start of the lease period, if there is a lease incentive, the amount related to the lease incentive already enjoyed should be deducted;
- (3) The initial direct costs incurred by the Group; and
- (4) The Group expects to incur the cost of dismantling and removing the leased assets, restoring the premises where the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Group confirms and measures the cost in accordance with the recognition standard and measurement method of estimated liabilities.

The Group uses the average life method to accrue depreciation for right-of-use assets. If the Group can reasonably determine the ownership of the leased asset when the lease period expires, the right-of-use asset is depreciated within the remaining useful life of the leased asset; if it cannot be reasonably determined that the ownership of the leased asset can be obtained at the end of the lease period, depreciation is accrued during the shorter of the lease period and the remaining useful life of the leased asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Lease - *continued*

The Group as a lessee - *continued*

Lease liability

At the beginning of the lease period, the Group confirms lease liabilities for leases other than short-term leases and low-value asset leases. The lease liability is initially measured at the present value of the unpaid lease payments. Lease payments include:

- (1) Fixed payment (including substantial fixed payment), if there is lease incentive, the amount related to lease incentive should be deducted;
- (2) Variable lease payments depending on index or ratio;
- (3) The expected payment is according to the guarantee residual value provided by the Group;
- (4) The exercise price of an option is provided that the Group reasonably determines that the option will be exercised; and
- (5) The amount to be paid for the exercise of the option to terminate the lease, provided that the lease term reflects that the Group will exercise the option to terminate the lease;

The Group uses the interest rate implicit in the lease as the discount rate, but if the interest rate implicit in the lease cannot be reasonably determined, the Group's incremental borrowing rate is used as the discount rate. The Group calculates the interest expense of the lease liability in each period of the lease period according to a fixed cyclic interest rate, and it is included in the current profit and loss or related asset costs. Variable lease payments that are not included in the measurement of lease liabilities are included in the current profit or loss or related asset costs when they actually occur.

After the start of the lease period, if the following occurs, the Group will re-measures the lease liability according to the present value of the lease payment after the change:

- (1) Change in the expected payable amount based on the residual value of the guarantee;
- (2) The index or ratio used to determine the lease payment has changed; and
- (3) The Group's evaluation results of purchase options, lease renewal options, or lease termination options have changed, or the actual exercise of lease renewal options or lease termination options is inconsistent with the original evaluation results. When the lease liability is remeasured, the Company adjust the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the current profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Lease - *continued*

Short-term leases and low-value asset leases

The Group chooses not to recognise the right-of-use assets and lease liabilities for short-term leases and low-value asset leases, and the related lease payments are included in the current profit and loss or related asset costs according to the straight-line method in each period of the lease period. Short-term lease refers to a lease that does not exceed 12 months and does not include purchase options at the beginning of the lease period. Low-value asset leases refer to leases with low value when the individual leased assets are brand new assets. If the Group sublets or anticipates subletting the leased assets, the original lease is not a low value asset lease.

Lease change

If the lease changes and the following conditions are met at the same time, the Group will account for the lease change as a separate lease:

- (1) The lease change expands the scope of the lease by adding one or more rights to use the leased assets;
- (2) The increased consideration is equivalent to the individual price of the expanded part of the lease scope adjusted according to the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group will re-allocate the consideration of the changed contract, re-determine the lease period, and re-measure the lease liability according to the present value calculated after the changed lease payment and the revised discount rate.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(i) Investment property

The Group's investment property is land and/or buildings held to earn rentals and/ or capital appreciation. An investment property is measured initially at its cost including all direct cost attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. The property is depreciated down to its residual value over the useful economic life of 10 to 50 years.

(j) Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Amortisation of intangible assets generated by power generator units is recognised in cost of sales, and amortisation of intangible assets generated by daily management activities is recognised in administrative expenses.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangible assets are arrived at by using appropriate valuation techniques

Amortisation of intangible assets is calculated at rates appropriate to write off the depreciable amount over the estimated useful lives on a straight-line basis.

| | |
|------------|----------------|
| – Software | 5 years |
| – Others | Up to 10 years |

The residual values, useful lives and amortisation methods are reviewed and, adjusted if appropriate, at each reporting period end.

Under the terms of the various contracts with the Government, the Group obtains the right to use various assets. Where the Group acts as operator is required to maintain the assets and make necessary improvements. The upgrade services will maintain and enhance the Group's ability to provide services to the users and therefore the expenditure is recognised as an intangible asset which represents the right to charge users for the public service. The upgrade services are accounted for in accordance with IFRS 15. Revenue is recognised based on stage of completion of the services measured by reference to the fair value of consideration receivable. Fair value of consideration represents the cost of the upgrade services with an estimated margin on services.

(k) Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value-in-use and fair value less costs of disposal), the asset is written down accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(k) Impairment of non-financial assets (excluding inventories and deferred tax assets) - *continued*

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

(l) Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

(m) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(n) Discontinued operations and assets held for sale

Discontinued operation requires one of the following conditions, a component that can be distinguished separately, and that component has been disposed by the Group or classified as held for sale by the Group:

- This component represents an independent main business or a separate main business area;
- This component is part of an associated plan to dispose of an independent main business or a separate main operation area; and
- This component is a subsidiary acquired exclusively for resale.

Non-current assets or disposal portfolio that meet the following conditions are classified as held for sale:

- Based on the previous experience of selling similar assets or disposal portfolio in similar transactions, these assets or disposal portfolio can be immediately sold under current conditions.
- The possibility of a sale is extremely high, that is, the Group has made a decision on the sale plan and obtained a confirmed purchase commitment, which shown that the sale will be completed within one year. Chinese regulations mean that approval is required from both the Company and the regulatory authority before the final sale can be made.

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(o) Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into the presentation currency of RMB at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Exchange differences recognised profit or loss in Group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign currency translation reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of profit or loss and other comprehensive income as part of the profit or loss on disposal.

(p) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group’s accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. accounts receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(p) Financial assets – *continued*

Amortised cost - continued

The Group always recognises lifetime ECL for accounts and notes receivables without significant component. The ECL on these assets are assessed individually for accounts and notes receivables with significant balances and collectively using a provision matrix with appropriate groupings. For accounts receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties, other receivables, long-term receivables and cash and bank are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of accounts receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of profit or loss and other comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise accounts and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the consolidated statement of cash flows—bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Fair value through other comprehensive income ("FVTOCI")

The Group has a number of investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those investments, the Group has made an irrevocable election to classify the investments at FVTOCI rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve. Upon disposal any balance within FVTOCI reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(p) Financial assets - *continued*

Fair value through other comprehensive income (“FVTOCI”) – continued

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Group has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within FVTOCI reserve is reclassified directly to profit or loss.

Purchases and sales of financial assets measured at FVTOCI are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the FVTOCI reserve.

Fair value through profit or loss (“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 mainly include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 included any dividend or interest earned on the financial asset and is included in the “Fair value movements on financial instruments measured at FVTPL” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(q) Financial liabilities

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Accounts payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(r) Financial guarantee contracts

Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments. Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies outside the Group, provisions are made for expected credit losses. Where a provision is recorded this is included in the impairment line in the consolidated statement of profit or loss and other comprehensive income.

(s) Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(t) Revenue

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or services in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The vast majority of the Group's revenue comprised of contracts with customers from rate-regulated sales of electricity and heat, and it has determined that no enforceable rights and obligations exist at inception of the contract and arise only once the cooling off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer consumes based on the units of energy delivered. This is the point at which revenue is recognised.

Revenue from sales of electricity and heat represents the amount of tariffs build for electricity and heat generated and transmitted to the respective power companies and heat supply companies. The amounts are billed monthly on basis of agreed output at pre-agreed prices.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(u) Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(v) Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(w) Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

(x) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

(y) Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(z) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. 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 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 which they become receivables.

(aa) Provisions and contingent liabilities

The Group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(bb) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as components of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

(cc) Operating segments

An operating segment is a component of the Group that is regularly reviewed by the chief operating decision maker (“**CODM**”) for the purposes of allocating resources and assessing financial performance. The CODM is considered to be the management team including the Chief Executive Officer, the Finance Director and other senior executives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(dd) Preferred stocks, perpetual capital securities and other financial instruments

The Company classifies the preferred stock/perpetual capital securities issued as a financial asset, financial liability or equity instrument upon initial recognition, in accordance with the terms of the contract and the economic substance it reflects and not merely in legal form.

Where any financial instrument such as preferred stock/ perpetual capital securities issued by the Company meets one of the following conditions, such financial instrument is recognised as a liability instrument in its entirety or in its constituent parts upon initial recognition:

- (1) There are contractual obligations that the Company cannot unconditionally avoid performing by delivering cash or other financial assets;
- (2) There is a contractual obligation to deliver a variable number of its own equity instruments for settlement;
- (3) There are derivatives settled with its own equity (such as equity swap), and such derivatives are not settled by exchanging a fixed number of its own equity instruments for a fixed amount of cash or other financial assets;
- (4) There are contract clauses that indirectly from contractual obligations;
- (5) In the liquidation of the issuer, the preferred stock/ perpetual capital securities is in the same order as the common bonds and other debts issued by the issuer.

A financial instrument such as preferred stock/ perpetual capital securities that does not meet any of the above conditions is initially recognised as an equity instrument in its entirety or in its constituent parts.

(ee) Hedging instruments

Derivative financial instruments are used by the Group for hedging in order to reduce foreign currency risks as well as interest rate risk. In accordance with IFRS 9, all derivative financial instruments are recognised at fair value.

Classification of hedging:

- (1) Fair value hedging means hedging against risks of changes in fair value of firm commitments (other than foreign exchange risk) that have not been recognised for recognised assets or liabilities.
- (2) Cash flow hedging means hedging against risks of changes in cash flow. Such changes in cash flow originate from a type of specific risk in relation to the recognised assets or liabilities and an expected transaction that is likely to occur, or originate from foreign exchange risk contained in an unrecognised firm commitment.
- (3) Overseas operations net investment hedging means hedging against foreign exchange risk of net investment for overseas operations. Net investment for overseas operations refers to share of equity in net assets for overseas operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

(ee) Hedging instruments - *continued*

Designation of a hedging relationship and recognition of effectiveness of a hedging operation:

The Group has made a formal definition of a hedging relationship before it starts, and has prepared official written documents about a hedging relationship, risk management objectives and hedging strategies. These written documents set out the nature and quantity of hedging instruments, the nature and quantity of hedged items, nature of hedged risks, and type of hedging and SDIC's evaluation of the effectiveness of a hedging instrument. Hedging effectiveness refers to the degree to which changes in fair value or cash flow of a hedging instrument are able to offset changes in fair value or cash flow of hedged items caused by hedged risks.

The Group continuously evaluates the effectiveness of the hedging and determines whether the hedging meets the requirements for the effectiveness of the hedging accounting during the accounting period in which the hedging relationship is specified. If it doesn't meet such requirements, the hedging relationship will be terminated.

The use of hedge accounting shall meet the following requirements on hedging effectiveness:

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) The influence of credit risk does not dominate in the value changes generated by the economic relationship between hedged item and the hedging instrument.
- (3) An appropriate hedging ratio is applied, and this ratio will not result in the imbalance between the hedged item and the relative weight of the hedged instrument, thus producing accounting results inconsistent with the hedge risk management objective has not changed, the number of hedged items or hedging instruments shall be adjusted to make the hedging ratio meet the requirements of effectiveness again.

Hedging accounting methods:

Cash flow hedging

The portion belonging to effective hedging of gain or loss of a hedging instrument shall be directly recognised as other comprehensive income and the portion belonging to ineffective hedging shall be included in the current profit and loss.

If the hedged transaction affects the current profit and loss, the amount recognised in other comprehensive income shall be transferred to current profit and loss when hedged financial incomes or expenses are recognised or when expected sale occurs. If the hedged item is the cost of a non-financial asset or liability, the amount previously recognised in other comprehensive income shall be transferred out and recorded in the initially recognised amount of the non-financial asset or liability (or, the amount previously recognised in other comprehensive income shall be transferred out in the same period in which the non-financial assets or liabilities affect profit and loss and recorded in the current profit and loss).

If an expected transaction or a firm commitment is not expected to happen, then cumulative gains and losses of a hedging instrument previously included in shareholders' equity shall be transferred out and included in the current profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES - *continued*

(ee) Hedging instruments - *continued*

If a hedging instrument has expired and been sold, if the contract has been terminated or exercised (but not been replaced or renewed), or if designation of a hedging relationship has been cancelled, then amount previously included in other comprehensive income shall not be transferred out until the expected transaction or firm commitment affects the current profit and loss.

(ff) 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 of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Company'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 part, provides key management personnel services to the Group or to the Company's parent.

Close family members 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.

(gg) Contract liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) Adoption of new or revised IFRSs – effective on 1 January 2020

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

Amendments to IFRS 3, Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. 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. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combination.

Amendments to IAS 1 and IAS 8, Definition of Material

The amendments to IAS 1 and IAS 8 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 clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

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

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments are irrelevant to the preparation of the Group’s consolidated financial statements as it does not have any interest rate hedge relationships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") – *continued*

(b) New or revised IFRSs that have been issued but are not yet effective

The following new or revised IFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IFRS 16

COVID-19-Related Rent Concessions¹

Amendments to IAS 39, IFRS 4, IFRS 7,
IFRS 9 and IFRS 16

Interest Rate Benchmark Reform – Phase 2²

1. Effective for annual periods beginning on or after 1 June 2020.
2. Effective for annual periods beginning on or after 1 January 2021.

Amendments to IFRS 16 – COVID-19-Related Rent Concessions

The amendments provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification and require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. The criteria must be satisfied for a rent concession to qualify for the practical expedient.

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

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company 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 ongoing 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Non-current assets held for sale and discontinued operations

The Group exercises judgment in whether assets are held for sale. After evaluation of all options, the Company decided that the most efficient way to maximise shareholders' value from operations was to dispose of some coal-fired power companies and it initiated the process of disposition of the coal-fired power companies. Under IFRS 5, such a transaction meets the 'Asset held for sale' when the transaction is considered sufficiently probable and other relevant criteria are met. Management considers that all the conditions under IFRS 5 for classification of the coal-fired power business as held for sale have been met and expects the interest in the coal-fired power companies to be sold within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Key source of estimation uncertainty

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

(b) Impairment for non-financial assets

As disclosed in notes 14 and 15, if circumstances indicate that the carrying amount of a non-financial asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36, Impairment of assets.

The carrying amounts of individual assets or the CGUs containing the non-financial assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The assets or the CGUs are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value-in-use.

In determining the value-in-use, expected cash flows generated by the assets or the CGUs are discounted to their present value, the Group uses all readily available information, including estimates based on reasonable and supportable assumptions and projections of sale volume, tariff and amount of operating costs.

(c) Fair value of assets and liabilities acquired on business combination

The Group acquired several subsidiaries as detailed in note 48. The accounting for business combinations requires the fair valuation of assets and liabilities within the acquiree at the acquisition date and the fair valuation of consideration payable including any contingent consideration. The fair valuation exercise will involve making a number of estimates and the actual outcome may vary from the projected outcome.

The contingent consideration payable is fair valued at each period end based on the expectation of the amount being payable based on the contractual terms and likelihood of payment. Should circumstances change, the value of the liability could be amended in the next accounting period.

(d) Depreciation and amortisation

As disclosed in notes 14 and 15, property, plant and equipment, right-of-use assets and intangible assets are depreciated and amortised over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account upgrading and improvement work performed, and anticipated technological changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – *continued*

Key source of estimation uncertainty - *continued*

(e) Deferred tax assets

As disclosed in note 21, a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The Group uses all readily available information which includes reasonable and supportable assumptions and projections of sales volume, tariff and relevant operating costs to estimate whether there will be sufficient available future taxable profits to utilise deductible temporary differences. Any significant change in estimates would result in adjustment in the amount of deferred tax assets and income tax in future years.

(f) Provision for expected credit losses on guarantees provided and accounts and other receivables

The Group is required to provide for expected credit losses (“ECLs”) for guarantees provided. Details of the guarantees provided are included in note 38. In deciding on an appropriate level of provision, the Group considers the financial position of the guaranteed party and the likelihood of them defaulting.

The provision rate of accounts and other receivables are made based on the assessment of their recoverability and the ageing analysis of the accounts and other receivables as well as other quantitative and qualitative information and on management’s judgement and assessment of the forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

5. REVENUE

Revenue is nearly entirely comprised of sales of electricity to local government related power grid companies and the price is determined by national policies. Revenue is recognised at the point in time when energy is provided and is invoiced on a monthly basis with limited accruing or deferral of revenue.

A breakdown of the revenue by type and geography is provided below.

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-----------------------------|------------------------|------------------------|
| Primary Geographic Markets | | |
| China (country of domicile) | 39,098.7 | 37,570.5 |
| Others | 221.7 | 181.5 |
| | 39,320.4 | 37,752.0 |

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Revenue from contracts with customer within the scope of IFRS 15 | | |
| Revenue type | | |
| Coal-fired power | 16,690.2 | 16,536.0 |
| Hydropower | 19,434.6 | 18,539.9 |
| Wind, solar and other sustainable power | 2,620.9 | 1,912.2 |
| Others | 560.5 | 748.2 |
| | 39,306.2 | 37,736.3 |
| Revenue from other sources | | |
| Property rental | 14.2 | 15.7 |
| | 39,320.4 | 37,752.0 |

6. SEGMENT INFORMATION

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, the Finance Director and other senior executives.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations. Inter-segment sales are priced along the same lines as sales to external customers. This policy was applied consistently throughout the current and prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

6. SEGMENT INFORMATION - *continued*

Senior management considers the business from a product perspective. Senior management primarily assesses the performance of coal-fired power generation, hydropower generation, and wind, solar and other sustainable power generation and others separately. Others represent central revenue, expenses, assets and liabilities are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

During the years ended 31 December 2020 and 2019, the Group sold substantially all of its electricity to local government-related power grid companies. Senior management assesses the performance of the operating segments based on a measure of profit before tax as indicated below. Sales between operating segments are contracted close to market price and have been eliminated at consolidation level.

Information about reportable segment profit or loss from continuing operations:

For the year ended 31 December 2020

| | Coal- fired power | Hydropower | Wind, solar and other sustainable power | Others | Elimination | Total |
|---|----------------------|----------------|--|----------------|----------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Revenue from external customers | 16,690.2 | 19,434.6 | 2,620.9 | 574.7 | - | 39,320.4 |
| Segment result - profit / (loss) before tax | 1,871.3 | 8,695.7 | 648.6 | 2,841.6 | (2,891.3) | 11,165.9 |
| Other information | | | | | | |
| Depreciation and amortisation | 2,440.3 | 3,816.2 | 1,072.3 | 8.5 | (85.3) | 7,252.0 |
| Impairment losses on assets | 371.8 | 9.5 | 14.8 | 180.3 | 1.1 | 577.5 |
| Finance costs | 711.8 | 2,566.9 | 677.9 | 396.7 | (60.0) | 4,293.3 |
| Segment assets | 29,803.1 | 159,665.5 | 26,542.7 | 54,516.4 | (41,506.8) | 229,020.9 |
| Segment liabilities | 16,856.9 | 100,656.5 | 18,335.3 | 11,342.0 | (751.2) | 146,439.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

6. SEGEMENT INFORMATION - *continued*

For the year ended 31 December 2019

| | Coal- fired power | Hydropower | Wind, solar and other sustainable power | Others | Elimination | Total |
|---|----------------------|----------------|--|----------------|----------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Revenue from external customers | 16,536.0 | 18,539.9 | 1,912.2 | 763.9 | - | 37,752.0 |
| Segment result - profit / (loss) before tax | 1,240.6 | 8,351.0 | 249.5 | 3,659.0 | (3,303.0) | 10,197.1 |
| Other information | | | | | | |
| Depreciation and amortisation | 2,242.0 | 3,900.9 | 759.0 | 12.9 | (46.5) | 6,868.3 |
| Impairment losses on assets | 161.2 | 6.9 | 123.0 | 552.5 | (634.7) | 208.9 |
| Finance costs | 883.7 | 2,937.5 | 528.7 | 333.4 | (65.9) | 4,617.4 |
| Segment assets | 39,141.1 | 153,994.6 | 17,869.4 | 51,616.4 | (37,781.8) | 224,839.7 |
| Segment liabilities | 25,250.5 | 98,024.4 | 15,144.5 | 12,659.0 | (630.7) | 150,447.7 |

Geographic information

No geographical information is presented as more than 99% of the Group's revenue during the years ended 31 December 2020 and 2019 and most of their customers and non-current assets as at 31 December 2020 and 2019 were located in the PRC .

Information about major customers

In 2020, there are four (2019: four) customers whose sale has exceeded 10% of the Group's revenue, and revenue from sale of electricity to these customers, including sale to entities which are known to the Group to be under common control of these customers, amounted to approximately RMB27,294.7 million (2019: RMB29,675.6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

6. SEGEMENT INFORMATION - *continued*

Segment result - profit/ (loss) before tax

Segment result represents the profit earned by (loss incurred from) each segment including without allocation of other income, central administrative costs and finance costs.

Segment assets and liabilities

All assets allocated to unallocated represents other receivables, long-term receivable, other non-current assets and deferred tax assets.

All liabilities allocated to unallocated represents the other payables, short-term loans and current portion of long-term liabilities.

7. OTHER INCOME AND EXPENSE

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Continuing operations | | |
| Gain on disposal of property, plant and equipment | 1.2 | 1.3 |
| Government grants | 94.2 | 80.6 |
| Loss of disposal of property, plant and equipment | (17.6) | (21.6) |
| Donation | (60.4) | (7.6) |
| Free of charge transfer | - | (23.3) |
| Gain on bargain purchase | 77.0 | 57.7 |
| Compensation of guarantee losses | 68.1 | - |
| Others | 36.1 | 18.6 |
| | 198.6 | 105.7 |

The above are not considered to be part of the main revenue generating activities, the Group presents these items separately from revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

8. FINANCE INCOME AND COSTS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Continuing operations | | |
| Finance income | | |
| Interest received on bank deposits | 95.9 | 115.8 |
| Finance costs | | |
| Interest on loans and other financial liabilities | 5,483.9 | 5,788.0 |
| Less: interest capitalised | (1,334.8) | (1,223.6) |
| | 4,149.1 | 4,564.4 |
| Interest on lease liabilities | 73.4 | 31.6 |
| Net foreign exchange loss/(gain) | 14.5 | (10.1) |
| Others | 56.3 | 31.5 |
| | 4,293.3 | 4,617.4 |

9. EMPLOYEE BENEFIT EXPENSES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Continuing operations | | |
| Employee benefit expenses (including directors) comprise: | | |
| Wages and salaries | 2,019.4 | 1,722.3 |
| Benefits in kind | 134.4 | 126.7 |
| Social security contributions and similar taxes | 158.6 | 170.0 |
| Housing fund | 163.1 | 146.5 |
| Post-employment benefits | 180.8 | 300.1 |
| Others | 113.4 | 85.0 |
| | 2,769.7 | 2,550.6 |

Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. This designation typically includes the directors of the Company, and the senior executives of the Group.

| | 2020 <i>RMB ('000)</i> | 2019 <i>RMB ('000)</i> |
|--------------|---------------------------|---------------------------|
| Remuneration | 6,847.3 | 10,717.3 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

10. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/ (crediting):

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Continuing operations | | |
| Amortisation of intangible assets | 313.0 | 284.1 |
| Depreciation of property, plant and equipment and investment properties | 6,939.0 | 6,584.2 |
| | 7,252.0 | 6,868.3 |
| Auditor's remuneration | | |
| - domestic | 4.1 | 5.3 |
| - international | 2.7 | - |
| | 6.8 | 5.3 |
| Gain on financial guarantee | (68.1) | - |
| Impairment loss of financial assets | 77.9 | 132.2 |
| Impairment loss of property, plant and equipment | 232.7 | 29.1 |
| Impairment loss of intangible assets | 75.4 | 1.7 |
| Impairment loss of inventories | 10.6 | 45.9 |
| Impairment loss of investment in associates and joint ventures | 180.9 | - |
| Foreign exchange loss | 14.5 | 8.4 |
| Taxes and surcharges | 947.3 | 894.4 |
| Gross rental income | 14.2 | 15.7 |
| Less: Direct operating expenses arising from investment properties that generated rental income during the year | (5.7) | (6.2) |
| Net rental income | 8.5 | 9.5 |
| Cost of inventories sold | 10,150.0 | 13,901.5 |
| Impairment loss of inventories | 10.6 | 45.9 |
| Cost of inventories recognised as expenses | 10,160.6 | 13,947.4 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

11. INCOME TAX EXPENSE

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Continuing operations | | |
| Current tax – PRC Enterprise Income Tax | | |
| Tax for the year | 1,936.1 | 1,646.1 |
| Under provision in respect of prior years | 217.9 | 33.7 |
| | 2,154.0 | 1,679.8 |
| Deferred tax | (220.6) | (95.6) |
| | 1,933.4 | 1,584.2 |

The reconciliation between the income tax expense and the product of profit before tax from continuing operations multiplied by the PRC Enterprise Income Tax rate is as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Profit before tax from continuing operations | 11,165.9 | 10,197.1 |
| Tax at the PRC Enterprise Income Tax rate of 25% (2019: 25%) | 2,791.5 | 2,549.3 |
| Different tax rates applicable to subsidiary companies | (199.8) | (931.4) |
| Adjustments to prior year provisions | 217.9 | 33.7 |
| Non-taxable income | (917.2) | (83.4) |
| Non-deductible expenses | 7.0 | 26.7 |
| Utilisation of tax losses not previously recognised | 5.8 | (6.9) |
| Deferred tax assets not recognised | 27.9 | (1.0) |
| Others | 0.3 | (2.8) |
| | 1,933.4 | 1,584.2 |

The charge for PRC Enterprise Income Tax is calculated at the statutory rate of 25 % (2019: 25%) on the estimated assessable profit or loss for the year determined in accordance with relevant Enterprise Income Tax rules and regulations, except for certain subsidiaries of the Company, which are tax exempted or taxed at preferential rates of 7.5%, 12.5% or 15% (2019: 7.5%, 12.5% or 15%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

12. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of basic and diluted earnings per share are based on:

Earnings

| | 2020 | 2019 |
|---|-----------------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company) | 5,513.8 | 4,726.5 |

Number of shares

| | 2020 | 2019 |
|---|-----------------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Weighted average number of ordinary shares in issue | 6,816.0 | 6,786.0 |

There are no potential dilutive shares in issue during both years ended 31 December 2020 and 2019.

For continuing operations

| | 2020 | 2019 |
|--|-----------------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company) | 5,513.8 | 4,726.5 |
| Less: profit for the year from discontinued operations | (541.9) | (205.8) |
| Less: interest of perpetual capital securities | (219.6) | (205.6) |
| Earnings for the purpose of per share from continuing operations | 4,752.3 | 4,315.1 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

12. EARNINGS PER SHARE - *continued*

There are no outstanding share options or warrants being exercised on or before 31 December 2020 and 2019, which would have a dilutive impact on earnings per share. The interest from the perpetual capital securities accounted for as part of equity been included to reduce the earnings as it is interest attributable to the Company.

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations

Basic and diluted earnings per share for the discontinued operation is RMB0.0795 cents per share (2019: RMB0.0303 cent per share, based on the profit for the year from discontinued operations of RMB541.9 million (2019: RMB205.8 million) and the denominators detailed above for both basic and diluted earnings per share.

13. DIVIDENDS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Final dividend of RMB0.2453 cents (2019: RMB0.2250 cents) per ordinary share proposed and paid during the year relating to the previous year's results | 1,664.6 | 1,526.9 |

The directors are proposing a final dividend of RMB0.28 cents (2019: RMB0.2453 cents) per share totalling RMB1,950.5 million for the year ended 31 December 2020 (2019: RMB1,664.6 million). This dividend has not been accrued in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land <i>RMB (m)</i> | Buildings and structures <i>RMB (m)</i> | Mechanical equipment <i>RMB (m)</i> | Transportation facilities <i>RMB (m)</i> | Office equipment and others <i>RMB (m)</i> | Construction in progress <i>RMB (m)</i> | Construction materials <i>RMB (m)</i> | Highway <i>RMB (m)</i> | Total <i>RMB (m)</i> |
|--|-------------------------------------|---|---|--|--|---|---|---------------------------|-------------------------|
| Cost | | | | | | | | | |
| At 1 January 2019 | 1,907.6 | 129,859.7 | 73,467.6 | 473.4 | 523.1 | 44,270.2 | 38.5 | 1,667.7 | 252,207.8 |
| Additions | 9.4 | 15.8 | 53.3 | 15.1 | 36.3 | 9,145.1 | - | - | 9,275.0 |
| Transfer | - | 2,251.2 | 2,540.1 | 1.8 | 17.0 | (4,810.1) | - | - | - |
| On acquisition and disposal of subsidiaries | 85.5 | (255.3) | 771.0 | (1.9) | (3.2) | - | - | - | 596.1 |
| Transfer to held-for-sale | (320.0) | (3,498.6) | (9,305.1) | (94.8) | (56.8) | - | - | - | (13,275.3) |
| Exchange realignment | - | (59.1) | (76.7) | 10.3 | - | - | - | - | (125.5) |
| Others | (18.6) | (8.2) | 36.9 | - | 1.8 | (16.3) | 263.4 | - | 259.0 |
| Disposals | (74.2) | (81.3) | (544.1) | (32.0) | (34.2) | - | - | - | (765.8) |
| | 1,589.7 | 128,224.2 | 66,943.0 | 371.9 | 484.0 | 48,588.9 | 301.9 | 1,667.7 | 248,171.3 |
| At 31 December 2019 and 1 January 2020 | | | | | | | | | |
| Additions | 23.4 | 1.5 | 656.0 | 23.5 | 101.7 | 9,494.8 | - | - | 10,300.9 |
| Transfer | - | 860.7 | 1,579.2 | 1.8 | 28.6 | (2,583.7) | (265.7) | 379.1 | - |
| Acquisition of subsidiaries | 1.5 | 605.2 | 4,829.7 | 2.0 | 2.7 | - | - | 6.9 | 5,448.0 |
| Exchange realignment | 4.1 | (11.4) | 59.0 | - | 0.2 | - | - | - | 51.9 |
| Disposal of a subsidiary | - | - | (198.2) | (0.4) | - | - | - | - | (198.6) |
| Disposals | - | (89.5) | (454.6) | (8.8) | (12.3) | - | - | - | (565.2) |
| Other | - | - | (398.6) | - | - | - | - | - | (398.6) |
| | | | | | | | | | |
| At 31 December 2020 | 1,618.7 | 129,590.7 | 73,015.5 | 390.0 | 604.9 | 55,500.0 | 36.2 | 2,053.7 | 262,809.7 |
| Accumulated depreciation and impairment | | | | | | | | | |
| At 1 January 2019 | 351.6 | 30,146.2 | 32,644.2 | 330.5 | 378.3 | - | - | 538.3 | 64,389.1 |
| Depreciation for the year | 35.3 | 3,237.4 | 3,873.7 | 24.5 | 81.1 | - | - | 39.3 | 7,291.3 |
| Transfer to held-for-sale | (68.0) | (1,344.7) | (5,822.0) | (81.1) | (49.4) | - | - | - | (7,365.2) |
| Exchange realignment | - | 0.8 | (1.5) | 5.0 | 5.2 | - | - | - | 9.5 |
| Others | (0.3) | (11.8) | 3.1 | 0.9 | 0.4 | - | - | - | (7.7) |
| Disposals | (20.3) | (41.1) | (587.7) | (28.1) | (33.3) | - | - | - | (710.5) |
| Impairment losses | - | - | 2.6 | - | - | 74.7 | - | - | 77.3 |
| | 298.3 | 31,986.8 | 30,112.4 | 251.7 | 382.3 | 74.7 | - | 577.6 | 63,683.8 |
| At 31 December 2019 and 1 January 2020 | | | | | | | | | |
| Depreciation for the year | 41.7 | 3,292.7 | 3,425.4 | 24.8 | 97.0 | - | - | 51.7 | 6,933.3 |
| Disposal of a subsidiary | (0.8) | (4.7) | (53.0) | (2.2) | (19.2) | - | - | (17.8) | (97.7) |
| Disposals | - | (54.6) | (221.5) | (8.4) | (12.2) | - | - | - | (296.7) |
| Impairment losses | - | 8.6 | 223.9 | 0.1 | 0.1 | - | - | - | 232.7 |
| | | | | | | | | | |
| At 31 December 2020 | 339.2 | 35,228.8 | 33,487.2 | 266.0 | 448.0 | 74.7 | - | 611.5 | 70,455.4 |
| Carrying amount | | | | | | | | | |
| At 31 December 2020 | 1,279.5 | 94,361.9 | 39,528.3 | 124.0 | 156.9 | 55,425.3 | 36.2 | 1,442.2 | 192,354.3 |
| | | | | | | | | | |
| At 31 December 2019 | 1,291.4 | 96,237.4 | 36,830.6 | 120.2 | 101.7 | 48,514.2 | 301.9 | 1,090.1 | 184,487.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

14. PROPERTY, PLANT AND EQUIPMENT - *continued*

Others mainly includes transfer from/to investment properties and construction in progress.

The leasehold land of RMB1,279.5 million (2019: RMB1,291.4 million) and certain mechanical equipment of RMB859.1 million (2019: RMB432.8 million) were right-of-use assets details of which were disclosed in note 37.

Interest capitalised for the year amounted to RMB1,334.8 million (2019: RMB1,223.6 million). The capitalisation rate applied in the year was 3.92% - 4.61% (2019: 3.92% - 4.90%).

Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's property, plant and equipment, with an aggregate carrying amount of RMB5,479.1 million as at 31 December 2020 (2019: RMB3,899.1 million).

In preparation for the Group's future development on its electricity power generation business, the management has performed an impairment assessment on the Group's related property, plant and equipment during the current year, taking into account the Group's future operating plans and the outlook of the industry. The assessment was performed on the relevant asset or cash generating unit ("CGU") level when there are indicators of possible impairment of that asset or CGU. The recoverable amount related to coal-fired power segment, has been determined based on the higher of value-in-use and fair value less costs of disposal. Based on the assessment result, the Group recognised an impairment loss for some of its property, plant and equipment in the coal-fired power segment amounted to RMB232.7 million for the year and recorded it separately as a line item on the consolidated statement of profit or loss and other comprehensive income. Details of the impairment loss are as follows:-

- As a result of acceleration of asset replacement schedule, the management has revised down the estimated economic life of the assets in a CGU. The recoverable amount of this CGU was determined based on value-in-use calculation, using discounted cash flow method covering a three-year period. The pre-tax discount rate used was 17.8%. The recoverable amount of this CGU was RMB240.0 million as at 31 December 2020 and an impairment loss of RMB177.8 million was recognised for the year. Key assumptions for the value-in-use calculation include the expected tariff rates, demand of electricity in the region where the CGU is located and fuel cost. Management determined these key assumptions based on past performance and its expectations on market development.
- As a result of technological obsolescence, certain assets were written off to their estimated scrap value of RMB1.4 million as at 31 December 2020 and the amount written off was RMB54.9 million for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

15. INTANGIBLE ASSETS

| | Software RMB (m) | House use right RMB (m) | Sea area use right RMB (m) | Water intake right RMB (m) | BOT concession right RMB (m) | Carbon emission right RMB (m) | Renewables obligation certificate RMB (m) | Car use right RMB (m) | Total RMB (m) |
|--|---------------------|-------------------------------|----------------------------------|----------------------------------|------------------------------------|-------------------------------------|--|--------------------------|------------------|
| Cost | | | | | | | | | |
| At 1 January 2019 | 313.0 | 6.7 | 211.0 | 28.8 | 4,855.7 | 1.0 | 312.3 | - | 5,728.5 |
| Additions | 31.2 | - | 5.1 | 0.8 | 12.6 | 2.0 | 17.0 | 0.7 | 69.4 |
| Acquisition of subsidiary | 0.8 | - | - | - | 1,016.4 | - | - | - | 1,017.2 |
| Disposals | (7.8) | - | - | - | - | (2.9) | - | - | (10.7) |
| Disposals of subsidiaries | (16.7) | - | (17.6) | - | - | - | - | - | (34.3) |
| Transfer to held-for-sale | (16.0) | - | - | (29.6) | - | - | - | (0.7) | (46.3) |
| Other decrease | - | - | - | - | - | - | (15.2) | - | (15.2) |
| At 31 December 2019 and 1 January 2020 | 304.5 | 6.7 | 198.5 | - | 5,884.7 | 0.1 | 314.1 | - | 6,708.6 |
| Additions | 28.4 | - | 30.9 | - | 4.9 | - | - | - | 64.2 |
| Acquisition of subsidiaries | 0.3 | - | - | - | - | - | - | - | 0.3 |
| Disposals | (0.9) | - | - | - | - | - | - | - | (0.9) |
| Other decrease | (0.3) | - | - | - | (37.6) | (0.1) | (8.9) | - | (46.9) |
| At 31 December 2020 | 332.0 | 6.7 | 229.4 | - | 5,852.0 | - | 305.2 | - | 6,725.3 |
| Accumulated amortisation and impairment | | | | | | | | | |
| At 1 January 2019 | 170.7 | 3.2 | 44.6 | 16.8 | 3,481.3 | - | 4.5 | - | 3,721.1 |
| Amortisation for the year | 38.6 | 0.2 | 5.0 | 1.4 | 233.7 | - | 18.1 | - | 297.0 |
| Acquisition of subsidiary | 0.2 | - | - | - | 103.7 | - | - | - | 103.9 |
| Other increase | 0.2 | - | 0.7 | - | - | - | 0.2 | 0.3 | 1.4 |
| Impairment losses | - | - | - | - | 1.7 | - | - | - | 1.7 |
| Disposals | (7.6) | - | - | - | - | - | - | - | (7.6) |
| Disposals of subsidiaries | (4.9) | - | (4.9) | - | - | - | - | - | (9.8) |
| Transfer to held-for-sale | (9.8) | - | - | (18.2) | - | - | - | (0.3) | (28.3) |
| Other decrease | - | - | - | - | (4.4) | - | (0.2) | - | (4.6) |
| At 31 December 2019 and 1 January 2020 | 187.4 | 3.4 | 45.4 | - | 3,816.0 | - | 22.6 | - | 4,074.8 |
| Amortisation for the year | 28.5 | 0.1 | 5.8 | - | 261.3 | - | 17.3 | - | 313.0 |
| Acquisition of subsidiaries | 0.2 | - | - | - | - | - | - | - | 0.2 |
| Impairment losses | - | - | - | - | 75.4 | - | - | - | 75.4 |
| Disposals | (0.9) | - | - | - | - | - | - | - | (0.9) |
| Other decrease | (0.2) | - | 5.4 | - | (11.1) | - | (0.5) | - | (6.4) |
| At 31 December 2020 | 215.0 | 3.5 | 56.6 | - | 4,141.6 | - | 39.4 | - | 4,456.1 |
| Carrying amount | | | | | | | | | |
| At 31 December 2020 | 117.0 | 3.2 | 172.8 | - | 1,710.4 | - | 265.8 | - | 2,269.2 |
| At 31 December 2019 | 117.1 | 3.3 | 153.1 | - | 2,068.7 | 0.1 | 291.5 | - | 2,633.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

15. INTANGIBLE ASSETS - *continued*

The government and the Group signed a concession agreement, granting the Group the right to undertake the investment, financing, construction and maintenance of the coal-fired power plant. Within the concession period stipulated in the agreement, the government granted the Group the right to finance the construction and operation of the coal-fired power plant, and allowed the Group to recover the invested capital and earn profits. The government has supervisory and regulatory authority over the infrastructure and the Group needs to transfer the coal-fired power plant to the government for free upon expiration of the concession at June of 2025.

Certain of the Group's interest-bearing bank borrowings were secured by certain of the Group's intangible assets, with an aggregate carrying amount of RMB484.5 million as at 31 December 2020 (2019: RMB502.8 million).

16. GOODWILL

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| At 1 January | 431.5 | 409.4 |
| Addition | - | 22.1 |
| Disposal of subsidiaries (notes 46 (2) (ii) and 49) | (431.5) | - |
| At 31 December | - | 431.5 |

The carrying amount of goodwill at the end of the reporting period is attributable to below invested entity or goodwill-generating event:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| SDIC Xuancheng Electric Power Co., Ltd. ("SDIC Xuancheng") | - | 5.2 |
| Red Rock Power Limited ("Redrock") | - | 426.3 |
| Total | - | 431.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

16. GOODWILL - *continued*

The Group was required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount was determined based on value-in-use calculations. The use of this method required the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The recoverable amounts of the CGUs had been determined on the basis of their value-in-use using discounted cash flow (“**DCF**”) method. The key assumptions for the DCF method for power generation units included the expected tariff rates, demands of electricity in specific regions where these power plants are located and fuel cost.

The key assumptions for the DCF method were based on past practices and future expectations on market development. The Group prepared cash flow forecasts derived from the most recent financial budgets approved by the directors for the best estimated period. The Group expected cash flows beyond the respective forecast periods will be similar to that of last year of respective forecast based on existing production capacity.

The lifetime of Redrock is 25 years, which is the period over which the cash flows have been projected, the power price is GBP 140/MWh, and the main cost is operation maintenance. The discount rates used in respective value-in-use calculations are ranged from 6.00% to 9.00%, and the inflation rate ranged from 2.00% to 3.00%. Based on these assessments, the Group believed that there was no impairment of goodwill at 31 December 2019.

17. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries are as follows:

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|--------------|------------------------------------|
| | | Directly | Indirectly** | |
| Yalong River Basin Hydropower Development Co., Ltd.* (“ Yalong River ”) | Sichuan | 52.00% | - | Generation and sales of hydropower |
| Sichuan Ertan Construction and Consultation Co., Ltd.* (“ Sichuan Construction ”) | Chengdu, Sichuan | - | 66.67% | Construction and consultation |
| Sichuan Ertan Industrial Development Co., Ltd.* (“ Sichuan Industrial ”) | Chengdu, Sichuan | - | 90.00% | Property services |
| Yalong River Sichuan Energy Co., Ltd.* (“ Yalong Sichuan ”) | Chengdu, Sichuan | - | 100.00% | Sales of electricity |
| Yalong River Hydropower Liangshan Co., Ltd.* (“ Yalong Liangshan ”) | Liangshan Prefecture, Sichuan | - | 100.00% | Generation and sales of hydropower |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

17. INVESTMENTS IN SUBSIDIARIES - *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|--------------|--|
| | | Directly | Indirectly** | |
| Huili Powerchina Bridge New Energy Co., Ltd.* (“ Huili Powerchina ”) | Liangshan Yi Autonomous Prefecture, Sichuan | - | 51.00% | Generation and sales of solar power |
| Mianning Powerchina Bridge New Energy Co., Ltd.* (“ Mianning Powerchina ”) | Liangshan Yi Autonomous Prefecture, Sichuan | - | 60.00% | Generation and sales of solar power |
| Dechang Wind Power Development Co., Ltd.* (“ Dechnag Wind ”) | Sichuan | - | 100.00% | Generation and sales of wind power |
| Yalong River Hydropower Ganzi Co., Ltd.* (“ Yalong Ganzi ”) | Ganzi Tibetan Autonomous Prefecture, Sichuan | - | 100.00% | Generation and sales of hydropower |
| Yalong River Yanyuan Photovoltaic Co., Ltd.* (“ Yalong Yanyuan ”) | Liangshan Prefecture, Sichuan | - | 75.00% | Generation and sales of solar power |
| Yalong River Hydropower Panzhihua Tongzilin Co., Ltd.* (“ Yalong Panzhihua ”) | Panzhihua, Sichuan | - | 100.00% | Generation and sales of hydropower |
| Tianjin SDIC Jinneng Electric Power Co., Ltd.* (“ Tianjin SDIC ”) | Tianjin | 64.00% | - | Generation and sales of coal-fired power |
| Tianjin Beijiag Environmental Protection Building Material Co., Ltd.* (“ Tianjin Beijiag ”) | Tianjin | - | 100.00% | Generation and sales of building materials |
| SDIC Genting Meizhou Bay Electric Power Co., Ltd.* (“ SDIC Genting ”) | Putian, Fujian | 51.00% | - | Generation and sales of coal-fired power |
| SDIC Qinzhou Electric Power Co., Ltd.* (“ SDIC Qinzhou ”) | Liupanshui, Guizhou | 61.00% | - | Generation and sales of coal-fired power |
| Guangxi Guoqin Energy Co., Ltd.* (“ Guangxi Guoqin ”) | Qinzhou, Guangxi | - | 51.00% | Sales of electricity |
| SDIC New Energy Investment Co., Ltd.* (“ SDIC New ”) | Lanzhou, Gansu | 64.89% | - | Investment on electricity resources |
| SDIC Gansu New Energy Co., Ltd.* (“ SDIC Gansu ”) | Lanzhou, Gansu | - | 100.00% | Investment on electricity resources |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

INVESTMENTS IN SUBSIDIARIES - *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|--------------|-------------------------------------|
| | | Directly | Indirectly** | |
| SDIC Baiyin Wind Power Co., Ltd* ("SDIC Baiyin") | Baiyin, Gansu | - | 100.00% | Generation and sales of wind power |
| SDIC Jiuquan First Wind Power Co., Ltd* ("SDIC Jiuquan") | Jiuquan, Gansu | - | 65.00% | Generation and sales of wind power |
| SDIC Jiuquan Second Wind Power Co., Ltd* ("SDIC Second") | Jiuquan, Gansu | - | 100.00% | Generation and sales of wind power |
| SDIC Dunhuang Photovoltaic Power Co., Ltd* ("SDIC Dunhuang") | Dunhuang, Gansu | - | 100.00% | Generation and sales of solar power |
| SDIC Qinghai Wind Power Co., Ltd* ("SDIC Qinghai") | Haixi, Qinghai | - | 79.60% | Generation and sales of wind power |
| SDIC Golmud Photovoltaic Power Co., Ltd.* ("SDIC Golmud") | Golmud, Qinghai | - | 100.00% | Generation and sales of solar power |
| SDIC Ningxia Wind Power Co., Ltd* ("SDIC Ningxia") | Zhongwei, Ningxia | - | 100.00% | Generation and sales of wind power |
| SDIC Yan'an New Energy Co., Ltd.* ("SDIC Yan'an") | Yan'an, Shaanxi | - | 100.00% | Generation and sales of wind power |
| SDIC Shizuishan Photovoltaic Power Co., Ltd* ("SDIC Shizuishan") | Shizuishan, Ningxia | - | 100.00% | Generation and sales of solar power |
| SDIC Hami Wind Power Co., Ltd* ("SDIC Hami") | Hami, Xinjiang | - | 100.00% | Generation and sales of wind power |
| SDIC Turpan Wind Power Co., Ltd* ("SDIC Turpan") | Turpan, Xinjiang | - | 100.00% | Generation and sales of wind power |
| SDIC Tianjin New Energy Co., Ltd.* ("SDIC Tianjin") | Tianjin | - | 100.00% | Generation and sales of wind power |
| SDIC Yunnan Wind Power Co., Ltd* ("SDIC Yunnan") | Kunming, Yunnan | - | 90.00% | Generation and sales of wind power |
| SDIC Chuxiong Wind Power Co., Ltd.* ("SDIC Chuziong") | Chuxiong, Yunnan | - | 90.00% | Generation and sales of wind power |
| SDIC Dali Photovoltaic Power Co., Ltd.* ("SDIC Dali") | Dali, Yunnan | - | 100.00% | Generation and sales of solar power |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

17. INVESTMENT IN SUBSIDIARIES - *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|---|--|-----------------|--------------|---------------------------------------|
| | | Directly | Indirectly** | |
| SDIC Guangxi Wind Power Co., Ltd* (“ SDIC Guangxi ”) | Qinzhou, Guangxi | - | 100.00% | Generation and sales of wind power |
| SDIC Huanneng Power Co., Ltd* (“ SDIC Huanneng ”) | Beijing | 100.00% | | Investment on electricity resources |
| Newsky (China) Environment & Tech. Co.,Ltd* (“ Newsky China ”) | Xiamen, Fujian | - | 60.00% | Investment on electricity resources |
| Guizhou Newsky Environment & Tech Co., Ltd.* (“ Guizhou Environment ”) | Liupanshui, Guizhou | - | 100.00% | Waste treatment |
| Guizhou Newsky Food Waste & Municipal Sludge Treatment Co., Ltd.* (“ Guizhou Food ”) | Liupanshui, Guizhou | - | 99.00% | Waste treatment |
| Newsky Energy (Thailand) Company Limited* (“ Newsky Thailand ”) | Thailand | - | 100.00% | Investment on electricity resources |
| C&G Environment Protection (Thailand) Company Limited* (“ C&G Environment ”) | Thailand | | 100.00% | Generation and sales of garbage power |
| Newsky Energy (Bangkok) Company Limited* (“ Newsky Bangkok ”) | Thailand | - | 99.99% | Investment on electricity resources |
| Newsky (Philippines) Holdings Corporation* (“ Newsky Philippines ”) | Philippines | | 100.00% | Investment on electricity resources |
| Redrock Investment Limited* (“ Redrock Investment ”) | London, UK | 100.00% | - | Investment on electricity resources |
| Red Rock Power Limited* (“ Red Rock ”) | Scotland, UK | - | 100.00% | Investment on electricity resources |
| Beatrice Wind Limited* (“ Beatrice Wind ”) | Scotland, UK | - | 100.00% | Investment on electricity resources |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

17. INVESTMENTS IN SUBSIDIARIES - *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|--------------|--|
| | | Directly | Indirectly** | |
| Afton Wind Farm (Holdings) Limited* (“ Afton Holdings ”) | Scotland, UK | - | 100.00% | Asset management |
| Afton Wind Farm Limited* (“ Afton Wind ”) | Scotland, UK | - | 100.00% | Generation and sales of wind power |
| Afton Wind Farm (BMO) Limited* (“ Afton BMO ”) | Scotland, UK | - | 100.00% | Asset management |
| Jaderock Investment Singapore Pte Ltd* (“ Jaderock Investment ”) | Singapore | 100.00% | - | Investment on electricity resources |
| SDIC Dingshi Overseas Investment Management Co., Ltd.* (“ SDIC Dingshi ”) | Xiamen, Fujian | 100.00% | - | Investment management |
| Xiamen Huaxia International Power Development Co., Ltd.* (“ Huaxia Power ”) | Xiamen, Fujian | 56.00% | - | Generation and sales of coal-fired power |
| SDIC Yunnan Dachao Shan Hydropower Co., Ltd.* (“ SDIC Yunnan ”) | Kunming, Yunnan | 50.00% | - | Generation and sales of hydropower |
| Yunnan Dachao Industry Co., Ltd.* (“ Yunnan Dachao ”) | Kunming, Yunnan | - | 100.00% | Property services |
| Yunnan Metallurgical New Energy Co., Ltd.* (“ Yunnan Metallurgical ”) | Honghe, Yunnan | 90.00% | 100.00% | Generation and sales of solar power |
| SDIC Panjiang Electric Power Co., Ltd.* (“ SDIC Panjiang ”) | Liupanshui, Guizhou | 55.00% | - | Generation and sales of coal-fired power |
| SDIC Guizhou Power Sales Co., Ltd.* (“ SDIC Guizhou ”) | Liupanshui, Guizhou | - | 100.00% | Sales of electricity |
| SDIC Gansu Xiaosanxia Electric Power Co., Ltd.* (“ SDIC Xiaosanxia ”) | Lanzhou, Gansu | 60.45% | - | Generation and sales of hydropower |
| SDIC Gansu Power Selling Co., Ltd.* (“ SDIC Power ”) | Lanzhou, Gansu | 65.00% | - | Sales of electricity |
| SDIC Aksai New Energy Co., Ltd.* (“ SDIC Aksai ”) | Jiquan, Gansu | 65.00% | - | Generation and sales of solar power |
| Toxon Tianhe Solar Energy Co., Ltd.* (“ Toxon Tianhe ”) | Turpan, Xinjiang | 100.00% | - | Generation and sales of solar power |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

17. INVESTMENTS IN SUBSIDIARIES - *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|---|--|-----------------|--------------|-------------------------------------|
| | | Directly | Indirectly** | |
| Dingbian Angli Photovoltaic Technology Co., Ltd.* (“Dingbian Angli”) | Turpan Xinjiang | 100.00% | - | Generation and sales of solar power |
| Jingbianxian Zhiguang New Energy Development Co., Ltd* (“Jingbianxian Zhiguang”) | Ordos, Inner Mongolia | 100.00% | - | Generation and sales of solar power |
| SDIC Inner Mongolia New Energy Co., Ltd* (“SDIC Inner”) | Ordos, Inner Mongolia | 100.00% | - | Investment on electricity resources |
| SDIC Jiangsu New Energy Co., Ltd* (“SDIC Jiangsu”) | Nanjing Jiangsu | 100.00% | - | Investment on electricity resources |
| Xiangshui Yongneng Solar Power Generation Co., Ltd.* (“Xiangshui Yongneng”) | Yancheng Jiangsu | 100.00% | - | Generation and sales of solar power |
| Xiangshui Hengneng Solar Power Generation Co., Ltd.* (“Xiangshui Hengneng”) | Yancheng Jianhuzhousu | 100.00% | - | Generation and sales of solar power |
| Huzhou Xianghui Photovoltaic Power Generation Co., Ltd* (“Huzhou Xianghui”) | Huzhou, Zhejiang | 100.00% | - | Generation and sales of solar power |
| SDIC New Energy Co., Ltd* (“SDIC Energy”) | Tianjin | 100.00% | - | Generation and sales of wind power |
| Zhangjiakou Jinke New Energy Co., Ltd* (“Zhangjiakou Jinke”) | Zhangjiakou Hebei | 100.00% | - | Generation and sales of solar power |
| Guyuanxian Guanghui New Energy Power Co., Ltd* (“Guyuanxian Guanghui”) | Zhangjiakou Hebei | 100.00% | - | Generation and sales of solar power |
| Shenyang Jinbu Photovoltaic Power Co., Ltd* (“Shenyang Jinbu”) | Shenyang Liaoning | 100.00% | - | Generation and sales of solar power |
| Fuxin Jinbu Solar Power Co., Ltd * (“Fuxin Jinbu”) | Fuxin Liaoning | - | 100.00% | Generation and sales of solar power |

* For identification purpose only

** The percentage of equity interests in indirect subsidiaries were held through other subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---------------------------------|------------------------|------------------------|
| Carrying amounts of | | |
| Associates | 9,816.1 | 9,707.3 |
| Joint ventures | 301.5 | - |
| | 10,117.6 | 9,707.3 |
| Less: impairment | (180.9) | - |
| | 9,936.7 | 9,707.3 |
| Fair value of listed investment | 1,637.8 | 1,143.4 |

The recoverable amount of investments in associates has been determined based on assets approach by an independent professional valuer in PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES - *continued*

(a) General information of associates

The following entities have been included in the consolidated financial statements using the equity method:

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|------------|--|
| | | Directly | Indirectly | |
| Xuzhou CR Power Co., Ltd* (“ Xuzhou CR ”) | Xuzhou, Jiangsu | 30.00% | - | Generation and sales of coal-fired power |
| Tongshan CR Power Co., Ltd* (“ Tongshan CR ”) | Xuzhou, Jiangsu | 21.00% | - | Generation and sales of coal-fired power |
| Jiangsu Ligang Electric Power Co., Ltd* (“ Jiangsu Ligang ”) | Wuxi, Jiangsu | 17.47% | - | Generation and sales of coal-fired power |
| Jiangyin Ligang Power Generation Co., Ltd* (“ Jiangyin Ligang ”) | Jiangyin, Jiangsu | 9.17% | - | Generation and sales of coal-fired power |
| Jiangxi Ganneng Co., Ltd* (“ Jiangxi Ganneng ”) | Nanchang, Jiangxi | 33.72% | - | Generation of electricity |
| Hanlan Environment Co., Ltd* (“ Hanlan Environment ”) | Foshan, Guangdong | 8.62% | - | Environmental protection |
| SDIC Finance Co., Ltd* (“ SDIC Finance ”) | Beijing | 0.80% | 34.60% | Financial investment |
| Lestari Listrik Pte. Ltd.* (“ Lestari Listrik ”) | Singapore | - | 42.11% | Investment management |
| Beatrice Offshore Windfarm Ltd* (“ Beatrice Offshore ”) | Scotland, UK | - | 25.00% | Generation and sales of wind power |
| Xiamen Haicang Thermal Energy Investment Co., Ltd* (“ Xianmen Haicang ”) | Xiamen Fujian | - | 49.00% | Land pipeline transport |
| Vocational Education Park of Lanzhou New District Distributing and Selling Electricity Co., Ltd* (“ Vocational Education ”) | Lanzhou Gansu | - | 49.00% | Electricity power supply |
| Fujian Sanchuan Offshore Wind Power Co., Ltd* (“ Fujian Sanchuan ”) | Xiamen Fujian | - | 10.00% | Generation and sales of wind power |
| Xiamen Haihua Electric Power Technology Co., Ltd* (“ Xiamen Haihua ”) | Haikou Hainan | - | 20.00% | Electricity power supply |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(a) General information of associates– *continued*

| Name of company | Country/place of incorporation and operation | Equity interest | | Principal activities |
|--|--|-----------------|------------|---------------------------------------|
| | | Directly | Indirectly | |
| Hainan Haikong Smarter Energy Co., Ltd* (“ Hainan Haikong ”) | Foshan, Guangdong | - | 35.00% | Other power supply |
| Baiyin Daxia Electric Power Co., Ltd* (“ Baiyin Daxia ”) | Baiyin, Gansu | - | 46.56% | Generation and sales of hydropower |

* For identification purpose only

The presumed ownership percentage under IAS 28 Investments in Associates for significant influence to exist is 20%. The Group consider they exert significant influence over Jiangsu Ligang, Jiangyin Ligang, Hanlan Environment and Fujian Sanchuan as they hold a significant proportion of equity relative to other equity holders and have representation on the board of directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(b) Summary financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

(i) **Xuzhou CR**

| | 2020 | 2019 |
|---|----------------|----------------|
| | RMB (m) | RMB (m) |
| Non-current assets | 1,480.2 | 1,610.6 |
| Current assets | 739.5 | 485.3 |
| Non-current liabilities | (60.6) | (65.4) |
| Current liabilities | (938.0) | (853.7) |
| Revenue | 1,824.0 | 1,681.5 |
| Profit for the year | 169.4 | 135.1 |
| Total comprehensive income for the year attributable to equity holders of Xuzhou CR | 169.4 | 135.1 |
| Dividend received during the year | 37.6 | 19.7 |
| Net assets | 1,221.1 | 1,176.8 |
| Non-controlling interests of Xuzhou CR | (5.9) | (7.3) |
| Proportion of the Group's ownership interest | 30% | 30% |
| Group's share of net assets | 364.6 | 350.9 |
| Others | (6.2) | (6.2) |
| Group's carrying amount of interests | 358.4 | 344.7 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(b) Summary financial information of material associates - *continued*

(ii) Tongshan CR

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Non-current assets | 3,206.2 | 3,490.7 |
| Current assets | 762.0 | 742.0 |
| Non-current liabilities | (65.0) | (23.4) |
| Current liabilities | (1,586.6) | (2,026.0) |
| Revenue | 3,205.1 | 3,075.3 |
| Profit for the year | 364.2 | 257.1 |
| Total comprehensive income for the year attributable to equity holders of Tongshan CR | 364.2 | 257.1 |
| Dividend received during the year | 48.6 | 48.8 |
| Net assets | 2,316.6 | 2,183.3 |
| Non-controlling interests of Tongshan CR | - | - |
| Proportion of the Group's ownership interest | 21% | 21% |
| Group's share of net assets | 486.5 | 458.5 |
| Others | (1.5) | (1.5) |
| Group's carrying amount of interests | 485.0 | 457.0 |

(iii) Jiangsu Ligang

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Non-current assets | 1,638.2 | 1,831.1 |
| Current assets | 687.1 | 667.1 |
| Non-current liabilities | (32.6) | (22.0) |
| Current liabilities | (89.3) | (137.7) |
| Revenue | 2,428.6 | 2,442.0 |
| Profit for the year | 84.1 | 103.1 |
| Total comprehensive income for the year attributable to equity holders of Jiangsu Ligang | 84.1 | 103.1 |
| Dividend received during the year | 38.3 | 56.2 |
| Net assets | 2,203.4 | 2,338.5 |
| Non-controlling interests of Jiangsu Ligang | - | - |
| Proportion of the Group's ownership interest | 17.47% | 17.47% |
| Group's share of net assets | 384.9 | 408.5 |
| Others | 17.8 | 17.8 |
| Group's carrying amount of interests | 402.7 | 426.3 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(b) Summary financial information of material associates - *continued*

(iv) **Jiangyin Ligang**

| | 2020 RMB (m) | 2019 RMB (m) |
|---|-----------------|-----------------|
| Non-current assets | 7,533.7 | 8,165.2 |
| Current assets | 1,386.0 | 1,563.7 |
| Non-current liabilities | (2,207.4) | (2,640.8) |
| Current liabilities | (2,709.1) | (3,112.4) |
| Revenue | 6,062.7 | 7,372.2 |
| Profit for the year | 619.9 | 648.3 |
| Total comprehensive income for the year attributable to equity holders of Jiangyin Ligang | 619.9 | 649.6 |
| Dividend received during the year | 54.3 | 61.0 |
| Net assets | 4,003.2 | 3,975.7 |
| Non-controlling interests of Jiangyin Ligang | (165.9) | (175.5) |
| Proportion of the Group's ownership interest | 9.17% | 9.17% |
| Group's share of net assets | 351.9 | 348.5 |
| Others | (23.0) | (23.0) |
| Group's carrying amount of interests | 328.9 | 325.5 |

(v) **Jiangxi Ganneng**

| | 2020 RMB (m) | 2019 RMB (m) |
|---|-----------------|-----------------|
| Non-current assets | 5,816.9 | 5,552.7 |
| Current assets | 1,566.1 | 1,269.4 |
| Non-current liabilities | (1,180.0) | (577.3) |
| Current liabilities | (1,773.2) | (1,978.2) |
| Revenue | 2,677.2 | 2,670.3 |
| Profit for the year | 240.1 | 134.2 |
| Total comprehensive income for the year attributable to equity holders of Jiangxi Ganneng | 240.1 | 134.2 |
| Dividend received during the year | 32.9 | 39.5 |
| Net assets | 4,429.8 | 4,266.6 |
| Non-controlling interests of Jiangxi Ganneng | (33.7) | (12.8) |
| Proportion of the Group's ownership interest | 33.72% | 33.72% |
| Group's share of net assets | 1,482.4 | 1,434.4 |
| Others | 548.8 | 548.8 |
| Group's carrying amount of interests | 2,031.2 | 1,983.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(b) Summary financial information of material associates - *continued*

(vi) **Lestari Listrik**

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Non-current assets | 5,688.7 | 6,194.4 |
| Current assets | 1,950.6 | 2,266.3 |
| Non-current liabilities | (5,546.6) | (6,224.3) |
| Current liabilities | (534.3) | (731.4) |
| Revenue | 1,518.6 | 1,686.0 |
| Profit for the year | 218.3 | 112.1 |
| Total comprehensive income for the year attributable to equity holders of Lestari Listrik | 436.5 | 209.9 |
| Dividend received during the year | 24.5 | 111.5 |
| Net assets | 1,558.4 | 1,505.0 |
| Non-controlling interests of Lestari Listrik | (72.7) | - |
| Proportion of the Group's ownership interest | 42.11% | 42.11% |
| Group's share of net assets | 625.6 | 633.8 |
| Others | 469.4 | 685.1 |
| Group's carrying amount of interests | 1,095.0 | 1,318.9 |

(vii) **SDIC Finance**

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Non-current assets | 23,147.9 | 21,208.7 |
| Current assets | 8,659.7 | 13,191.6 |
| Non-current liabilities | (8.6) | (5.7) |
| Current liabilities | (24,332.5) | (27,041.0) |
| Revenue | 861.3 | 909.7 |
| Profit for the year | 479.4 | 523.4 |
| Total comprehensive income for the year attributable to equity holders of SDIC Finance | 479.2 | 524.3 |
| Dividend received during the year | 129.7 | 132.2 |
| Net assets | 7,466.5 | 7,353.6 |
| Non-controlling interests of SDIC Finance | - | - |
| Proportion of the Group's ownership interest | 35.40% | 35.40% |
| Group's share of net assets | 2,643.1 | 2,603.2 |
| Others | - | - |
| Group's carrying amount of interests | 2,643.1 | 2,603.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(b) Summary financial information of material associates - *continued*

(viii) Hanlan Environment

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| Non-current assets | 21,218.4 | 17,805.4 |
| Current assets | 3,710.5 | 3,265.5 |
| Non-current liabilities | (8,965.2) | (7,243.9) |
| Current liabilities | (7,793.2) | (6,695.8) |
| Revenue | 7,481.4 | 6,160.0 |
| Profit for the year | 1,057.7 | 903.6 |
| Total comprehensive income for the year attributable to equity holders of Hanlan Environment | 1,072.1 | 903.6 |
| Dividend received during the year | 14.5 | 13.2 |
| Net assets | 8,170.5 | 7,131.2 |
| Non-controlling interests of Hanlan Environment | (613.0) | (573.1) |
| Proportion of the Group's ownership interest | 8.62% | 8.62% |
| Group's share of net assets | 650.7 | 565.3 |
| Others | 414.9 | 414.9 |
| Group's carrying amount of interests | 1,065.6 | 980.2 |

(ix) Beatrice Offshore

| | 2020 RMB (m) | 2019 RMB (m) |
|---|-----------------|-----------------|
| Non-current assets | 21,310.0 | 22,588.8 |
| Current assets | 1,286.4 | 1,605.4 |
| Non-current liabilities | (22,963.3) | (23,634.9) |
| Current liabilities | (129.9) | (71.6) |
| Revenue | 3,205.8 | 2,657.4 |
| Profit for the year | 734.5 | 332.6 |
| Total comprehensive income for the year attributable to equity holders of Beatrice Offshore | 207.8 | (734.2) |
| Dividend received during the year | 293.5 | - |
| Net liabilities | (496.8) | 487.7 |
| Non-controlling interests of Beatrice Offshore | - | - |
| Proportion of the Group's ownership interest | 25% | 25% |
| Group's share of net assets | (124.2) | 121.9 |
| Others | 1,052.3 | 960.9 |
| Group's carrying amount of interests | 928.1 | 1,082.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(c) Summary financial information of associates that are not individually material – *continued*

Aggregate information of associates that are not individually material:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| The Group's share of loss | (107.3) | (1.7) |
| The Group's share of other comprehensive income | 112.0 | (20.6) |
| The Group's share of total comprehensive expenses | 4.7 | (22.3) |
| Aggregate carrying amount of the Group's interests on the associates that are not individually material | 296.8 | 185.5 |
| Aggregate dividend received from the associates that are not individually material | 10.7 | 31.9 |

(d) Investments in joint ventures

Details of the Group's joint ventures at 31 December 2020 are as follows:

| Name of company | Country/place of incorporation and operation | Equity interest | Principal activities |
|---|--|-----------------|------------------------------------|
| Inch Cape Offshore Holdings Limited ("Inch Cape") | Scotland, the UK | 50% | Generation and sales of wind power |
| Cloud Wind Farm Holdings AB ("Cloud Wind") | Stockholm, Sweden | 50% | Build and manage windfarm |

During the year ended 31 December 2020, the Group invested in and held 50% of equity interest in Inch Cape and Cloud Wind and they were accounted for as joint ventures under IFRS11 as pursuant to the memorandum of association, all of the strategic financial and operating decisions must be approved by joint ventures partners with unanimous consent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES – *continued*

(d) Investments in joint ventures – continued

The following table shows information of the joint ventures that are material to the Group. These joint ventures are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the joint ventures.

| | Inch Cape Scotland, the UK Generation and sales of wind power | Cloud Wind Stockholm, Sweden Build and management windfarm |
|--|--|---|
| % of ownership interests/ Voting rights held by the Group | 50%/50% | 50%/50% |
| | RMB (m) | RMB (m) |
| As 31 December: | | |
| Non-current assets | 1,011.6 | 2,042.2 |
| Current assets | 13.9 | 771.2 |
| Non-current liabilities | (103.9) | (2,502.2) |
| Current liabilities | (738.9) | (173.8) |
| Net assets | 182.7 | 137.4 |
| Group's share of net assets | 91.3 | 68.7 |
| Others | 3.2 | 138.3 |
| Group's carrying amount of interests | 94.5 | 207.0 |
| Cash and cash equivalents included in current assets | 8.1 | 610.4 |
| Current financial liabilities (excluding accounts and other payables and provisions) included in current liabilities | - | - |
| Non-current financial liabilities (excluding accounts and other payables and provisions) included in non-current liabilities | - | - |
| Year ended 31 December: | | |
| Revenue | - | 58.4 |
| Finance expenses | (2.7) | (25.6) |
| Expenses | (9.5) | (7.0) |
| Income tax expense | - | - |
| (Loss)/income from operations and total comprehensive income | (12.2) | 25.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

19. FVTOCI INVESTMENTS

| | 2020 | 2019 |
|--|-----------------------|-----------------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Unlisted equity securities in the PRC, at FVTOCI | 137.9 | 116.1 |

See note 47 for details of valuation of the above assets. It represents the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as they believe that they are not held for trading and for long-term investment purpose.

20. LONG-TERM RECEIVABLE

| | 2020 | 2019 |
|-------------------------|-----------------------|-----------------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Loan to an associate | 327.3 | 476.7 |
| Loans to joint ventures | 790.8 | - |
| Others | 80.4 | 66.2 |
| Impairment | (63.5) | (31.5) |
| | 1,135.0 | 511.4 |

The loans are interest free and repayable on demand. The amounts have been classified as non-current based on expectation of recovery rather than terms of legal agreement.

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Movement in the allowance for doubtful debts: | | |
| At 1 January | 31.5 | 24.1 |
| Impairment loss recognised | 32.5 | 7.4 |
| Reversal of allowance for the year | (1.5) | - |
| Other | 1.0 | - |
| At 31 December | 63.5 | 31.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

21. DEFERRED TAX

The following are the deferred tax assets recognised by the Group:

| | Assets impairment reserve <i>RMB (m)</i> | Unpaid expense <i>RMB (m)</i> | Unpaid employee salary <i>RMB (m)</i> | Deferred income <i>RMB (m)</i> | Unrealised profit on internal transaction <i>RMB (m)</i> | Depreciation of property, plant and equipment <i>RMB (m)</i> | Amortisation of intangible assets <i>RMB (m)</i> | Changes in fair value of cash flow hedging instruments <i>RMB (m)</i> | Change in fair value of notes receivable financing <i>RMB (m)</i> | Deductible tax losses <i>RMB (m)</i> | Others <i>RMB (m)</i> | Total <i>RMB (m)</i> |
|---|---|-------------------------------------|--|--------------------------------------|--|--|---|--|--|--|--------------------------|-------------------------|
| At 1 January 2019 | 49.8 | 159.8 | 5.8 | 29.9 | 15.6 | 26.8 | - | - | - | - | - | 287.7 |
| Credit/ (charge) to profit or loss for the year | 13.1 | 91.1 | (3.5) | 3.5 | 0.1 | 2.5 | - | 5.4 | 0.4 | - | - | 112.6 |
| At 31 December 2019 and 1 January 2020 | 62.9 | 250.9 | 2.3 | 33.4 | 15.7 | 29.3 | - | 5.4 | 0.4 | - | - | 400.3 |
| Credit/ (charge) to profit or loss for the year | 84.9 | 82.9 | 14.2 | 1.8 | (2.0) | 13.4 | 8.7 | 4.2 | (0.1) | 7.9 | 1.4 | 217.3 |
| At 31 December 2020 | 147.8 | 333.8 | 16.5 | 35.2 | 13.7 | 42.7 | 8.7 | 9.6 | 0.3 | 7.9 | 1.4 | 617.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

21. DEFERRED TAX – *continued*

The following are the deferred tax liabilities recognised by the Group:

| | Assets revaluation <i>RMB (m)</i> | Depreciation of property, plant and equipment <i>RMB (m)</i> | Amortisation of intangible assets <i>RMB (m)</i> | Others <i>RMB (m)</i> | Total <i>RMB (m)</i> |
|--|---|--|---|--------------------------|-------------------------|
| At 1 January 2019 | - | 0.5 | 17.0 | 29.5 | 47.0 |
| Credit to profit or loss for the year | - | (0.5) | (2.0) | (2.5) | (5.0) |
| At 31 December 2019 and 1 January 2020 | - | - | 15.0 | 27.0 | 42.0 |
| Charge/ (credit) to profit or loss for the year | 96.5 | - | (1.9) | (2.5) | 92.1 |
| At 31 December 2020 | 96.5 | - | 13.1 | 24.5 | 134.1 |

The following is the list of unrecognised deferred tax assets (“DTA”):

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| DTA of deductible temporary differences | 152.3 | 8.6 |
| DTA of tax losses | 476.9 | 494.8 |
| Total | 629.2 | 503.4 |

No deferred tax assets have been recognised in respect of the above items including the tax benefit of unused tax losses of RMB1,974.6 million (2019: RMB2,070.7 million) due to the uncertainty of future profits arising to the use of the tax losses. An analysis of the tax losses by expiry is shown below.

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|------|------------------------|------------------------|
| 2020 | - | 361.5 |
| 2021 | 169.2 | 846.2 |
| 2022 | 416.2 | 405.9 |
| 2023 | 437.7 | 351.7 |
| 2024 | 160.0 | 105.4 |
| 2025 | 791.5 | - |
| | 1,974.6 | 2,070.7 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

22. OTHER NON-CURRENT ASSETS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---------------------------|------------------------|------------------------|
| VAT recoverable | 1,523.5 | 1,090.0 |
| Prepayments for equipment | 108.0 | 431.5 |
| Others | 11.3 | - |
| | 1,642.8 | 1,521.5 |

23. INVENTORIES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-------------------------------------|------------------------|------------------------|
| Raw materials and consumables | 953.2 | 1,157.5 |
| Finished goods and goods for resale | 1.6 | 1.4 |
| | 954.8 | 1,158.9 |

The Group recognised an allowance for inventories of RMB10.6 million (2019: RMB45.9 million) due to drop in net realizable value below cost.

24. ACCOUNTS AND NOTES RECEIVABLES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|----------------------|------------------------|------------------------|
| Accounts receivables | 7,058.3 | 4,962.5 |
| Notes receivables | 408.4 | 636.7 |
| | 7,466.7 | 5,599.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

24. ACCOUNTS AND NOTES RECEIVABLES - *continued*

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--------------------------------------|------------------------|------------------------|
| Accounts and notes receivables | 7,908.5 | 5,967.5 |
| Less: provision for impairment | (441.8) | (368.3) |
| Accounts and notes receivables - net | 7,466.7 | 5,599.2 |

The Group usually grants credit period of approximately one month to local power grid customers and heat supply customers from the month end after sales and sale transactions made, respectively.

As at 31 December 2020 and 2019, accounts receivables from contracts with customers amounted to RMB7,058.3 million and RMB4,962.5 million respectively. As at 31 December 2020, total notes receivable amounting to RMB408.4 million (2019: RMB636.7 million) will be mature within one year (2019: one year) after the end of the reporting period.

(a) Impairment of accounts and notes receivables

Impairment loss in respect of accounts and notes receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against accounts and notes receivable directly.

The movement in allowance for impairment during the year is as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|------------------------------------|------------------------|------------------------|
| At 1 January | 368.3 | 224.4 |
| Impairment loss recognised | 122.9 | 142.5 |
| Reversal of allowance for the year | (82.3) | (23.9) |
| Written off | (0.2) | (0.1) |
| Other | 33.1 | 25.4 |
| At 31 December | 441.8 | 368.3 |

At 31 December 2020, the Group's accounts and notes receivables totalling of RMB40.6 million (2019: RMB118.6 million) were individually determined to be impaired. At 31 December 2020, allowance for impairment is RMB441.8 million (2019: RMB368.3 million). The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

24. ACCOUNTS AND NOTES RECEIVABLES - *continued*

(b) Accounts and notes receivables that are not impaired

The ageing analysis of accounts and notes receivables that are neither individually nor collectively considered to be impaired is as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-------------------------------------|------------------------|------------------------|
| Neither past due nor impaired | 3,934.9 | 3,541.6 |
| Less one year past due | 1,050.8 | 686.6 |
| Between one to two years past due | 1,666.4 | 1,125.4 |
| Between two to three years past due | 727.6 | 192.0 |
| Over three years past due | 87.0 | 53.6 |
| | 7,466.7 | 5,599.2 |

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that ECL allowance is immaterial in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

25. PREPAYMENTS AND OTHER RECEIVABLES

| | 2020 | 2019 |
|--------------------------|-----------------------|-----------------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Prepayments | 105.8 | 304.9 |
| Other receivables (note) | 539.9 | 161.0 |
| Interest receivable | 6.2 | 8.6 |
| | 651.9 | 474.5 |

Note: The amounts of other receivables mainly represent consideration receivables of RMB348.4 million (note 49).
The movement in the allowance for impairment during the year is as follows:

| | 2020 | 2019 |
|------------------------------------|-----------------------|-----------------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| At 1 January | 49.6 | 62.6 |
| Impairment losses recognised | 7.3 | 7.0 |
| Reversal of allowance for the year | (1.0) | (0.8) |
| Other | 0.7 | (19.2) |
| At 31 December | 56.6 | 49.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

26. TAX RECOVERABLES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|----------------------------------|------------------------|------------------------|
| VAT recoverable | 996.6 | 894.3 |
| Corporate income tax recoverable | 37.7 | 30.8 |
| Total | 1,034.3 | 925.1 |

27. CASH AND CASH EQUIVALENTS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---------------|------------------------|------------------------|
| Bank deposits | 9,552.7 | 8,281.3 |
| Cash in hand | 0.1 | 0.3 |
| Total | 9,552.8 | 8,281.6 |

28. RESTRICTED DEPOSITS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---------------------|------------------------|------------------------|
| Restricted deposits | 137.1 | 154.1 |

29. FVTPL INVESTMENTS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-------------------|------------------------|------------------------|
| Equity instrument | 9.6 | 6.4 |
| Debt instrument | 936.7 | 852.8 |
| Other | 93.3 | - |
| Total | 1,039.6 | 859.2 |

The FVTPL investments represent equity and debt instrument listed in the PRC. The debt instrument is held for trade have been classified as FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

30. SHARE CAPITAL

| | Number of shares | | Share capital | |
|---|------------------|---------|----------------|---------|
| | 2020 | 2019 | 2020 | 2019 |
| | (m) | (m) | RMB(m) | RMB(m) |
| A shares of RMB1.0 each: | | | | |
| Registered, issued and fully paid: | | | | |
| At 1 January and 31 December | 6,786.0 | 6,786.0 | 6,786.0 | 6,786.0 |
| GDRs (1 GDR consists of 10 A shares of RMB1.0 each): | | | | |
| Registered, issued and fully paid: | | | | |
| At 1 January | - | - | - | - |
| Issue of shares upon subscription | 179.9 | - | 179.9 | - |
| At 31 December | 179.9 | - | 179.9 | - |
| | 6,965.9 | 6,786.0 | 6,965.9 | 6,786.0 |

On 16 October 2020, the Company completed its issuance of 16,350,000 GDRs, representing 163,500,000 underlying A shares, and listed on the London Stock Exchange. On 13 November 2020, the Company exercised the over-allotment option and issued additional 1,635,000 GDRs, representing 16,350,000 underlying A shares. In total, the Company has issued 17,985,000 GDRs, representing 179,850,000 new A shares with nominal value of RMB1.0 each. The GDRs were issued at the offer price of USD12.27 per GDR raising about USD220.68 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

31. PERPETUAL CAPITAL SECURITIES

Basic information of perpetual capital securities:

| | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 1) | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 2) | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 3) | Renewable corporate bonds issued openly in 2020 (2020 - Tranche 1) | Renewable corporate bonds issued openly in 2020 (2020 - Tranche 2) |
|---------------------------------|---|--|--|---|--|
| Number of issue | | | | | |
| Approval No. | ZJXK (2017) No. 531 | ZJXK (2017) No. 531 | ZJXK (2017) No. 531 | ZJXK (2019) No. 1297 | ZJXK (2019) No. 1297 |
| Date of issue | From March 14 to 158 | From May 8 to 9, 2018 | From July 17 to 18, 2018 | From June 3 to 4, 2020 | From November 27 to 30, 2020 |
| Total amount issued actually | RMB0.5 billion | RMB1.5 billion | RMB2 billion | RMB0.5 billion | RMB1.2 billion |
| Time limit | The basic period of bonds of this tranche is 3 years; at the end of agreed basic period or at the end of every period, the issuer is entitled to exercise the renewal option, and extend for one period as per the agreed basic period; if the issuer does not exercise the renewal option, the due bonds shall be cashed in full amount. The issuer can exercise the renewal option indefinitely. | | | | |
| Renewal option | One period of bonds of this tranche is 3 years. At end of every period, the issuer is entitled to extend the period of bonds for 1 period, or cash the bonds of this period in full amount at end of this period. The issuer shall publish a bulletin about exertion of renewal option on the relevant media at least 30 workdays before the interest paying data in the year when the renewal option is exercised. | | | One period of bonds of this tranche is 2 years. At end of every period, the issuer is entitled to extend the period of bonds for 1 period, or cash the bonds of this period in full amount at end of this period. The issuer shall publish a bulletin about exertion of renewal option on the relevant media at least 30 workdays before the interest paying data in the year when the renewal option is exercised. | |
| Right of redemption | (1) Issuer redeems due to changes in tax policy Due to the change or amendment of related laws and regulations, the issuer has to pay extra taxes and fees for the continuity of current bonds, and the issuer has the right to redeem the current-period bonds when it cannot avoid paying or reimbursing these taxes. | | | | |
| | (2) Issuer redeems due to changes in accounting standards According to the “Accounting Standards for Enterprises No. 37—Financial Instruments presentation” (Accounting [2014] No. 23) and the “Notice on Issuance of Distinction between Financial Liabilities and Equity Instruments and Relevant Accounting Processing Regulations” (Accounting [2014] No.13), the issuer has classified the current bonds as equity instruments. If in the future, due to the change of accounting standards or other relevant laws and regulations, the issuer has the right to redeem this bond. | | | | |
| | The issuer will redeem all current-period bonds from the investors at the par value plus current-period interest and deferred interest and their compound interest (if any). The payment method of redemption is the same as the payment of principal and interest at maturity of current-period bonds, the list of bondholders shall be counted according to the relevant provisions of the current-period bond registration institution and processing in accordance with the relevant provisions of the current-period bond registration agency. If the issuer does not exercise the option of redemption, the current-period bonds will continue to rollover. In addition to the above two cases, the issuer has no right or obligation to redeem this current-period bond. The issuer has the right to defer the payment of interest. The issuer can, at its own discretion, defer the current interest payment and any compound interest to the next interest payment date without any time limitation. The issuer is only required to make interest payments in case a dividend is declared. If the issuer does not exercise the right of deferred payment of interest, the interest is required to be paid once a year. | | | | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

31. PERPETUAL CAPITAL SECURITIES – *continued*

| Number of issue | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 1) | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 2) | Renewable corporate bonds issued openly in 2018 (2018 - Tranche 3) | Renewable corporate bonds issued openly in 2020 (2020 - Tranche 1) | Renewable corporate bonds issued openly in 2020 (2020 - Tranche 2) |
|-----------------|--|--|--|--|---|
| Interest rate | 2018 - Tranche 1 | 2018 - Tranche 2 | 2018 - Tranche 3 | 2020 - Tranche 1 | 2020 - Tranche 2 |
| | In the first three interest-accrual years, the nominal interest rate is 5.50%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points. | In the first three interest-accrual years, the nominal interest rate is 5.23%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points. | In the first three interest-accrual years, the nominal interest rate is 4.98%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points. | In the first three interest-accrual years, the nominal interest rate is 3.40%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every three years starting from the fourth interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points. | In the first two interest-accrual years, the nominal interest rate is 4.06%. If the issuer does not exercise the right of redemption, the nominal interest rate shall be reset once every two years starting from the three interest-accrual year, and the new interest rate shall be current basic interest rate + initial interest margin upon issuance + 300 basic points. |

List of changes in perpetual capital securities:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--------------------------------------|------------------------|------------------------|
| Perpetual capital securities in 2018 | 3,999.0 | 3,999.0 |
| Perpetual capital securities in 2020 | 1,699.9 | - |
| | 5,698.9 | 3,999.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

32. RESERVES

(a) **Group**

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) **Nature and purpose of reserves**

(i) **Capital reserve**

Capital reserve mainly comprised: (i) the difference between the nominal amount of the domestic shares issued and the fair value of the net assets injected into the Company during its formation and also proceeds from the issue of A shares in excess of their par value, net of issuance expenses; and (ii) the difference between acquisition cost and net book value under common control. The capital reserve is non-distributable.

(ii) **Statutory surplus reserve**

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit under PRC GAAP, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such reserve reaches 50% of the Company's share capital, any further appropriation is optional.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of share capital. The statutory surplus reserve is non-distributable.

(iii) **Discretionary surplus reserve**

Pursuant to the articles of association of the Company, the appropriation of profit to the discretionary surplus reserve and its utilisation are made in accordance with the recommendation of the Board of Directors and is subject to shareholders approval at their general meeting.

The discretionary surplus can be used to offset prior year losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing holding or by increasing the par value of the shares currently held by them.

(iv) **Portion of other comprehensive income of associates reserve**

Represents the other comprehensive income of associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

32. RESERVE - *continued*

(b) Nature and purpose of reserves - continued

(v) Foreign currency translation reserve

Represents the cumulative exchange differences arising on retranslation of the net assets of overseas operations.

(vi) Fair value of other comprehensive income equity investments

Represents the gain on fair value measurement of other comprehensive equity instruments.

(c) Basis for profit appropriation

In accordance with the articles of association of the Company, distributable profit of the Company is derived based on the profit determined in accordance with PRC GAAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

33. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests (“NCI”):

| Name of the subsidiary | Place of establishment and principal place of business | Proportion of ownership interests and voting rights held by NCI | | Profit allocated to NCI | | Accumulated NCI | |
|---|--|---|------|-------------------------|----------------|-----------------|----------------|
| | | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | | | | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> |
| (i) SDIC Qinzhou | the PRC | 39% | 39% | 124.1 | 119.8 | 1,065.1 | 947.2 |
| (ii) SDIC Genting | the PRC | 49% | 49% | 299.1 | 230.4 | 1,871.6 | 1,693.4 |
| (iii) Yalong River | the PRC | 48% | 48% | 2,988.9 | 2,893.0 | 26,133.6 | 24,647.8 |
| (iv) Tianjin SDIC | the PRC | 36% | 36% | 123.2 | 117.7 | 1,513.0 | 1,495.8 |
| Individually immaterial subsidiaries with non-controlling interests | | | | | | 4,775.4 | 5,227.6 |
| Total | | | | | | 35,358.7 | 34,011.8 |

(i) SDIC Qinzhou

| | 2020 | 2019 |
|-------------------------|----------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| At 31 December: | | |
| Current assets | 586.7 | 861.1 |
| Non-current assets | 5,197.0 | 5,635.2 |
| Current liabilities | (771.9) | (814.6) |
| Non-current liabilities | (2,268.9) | (3,269.1) |
| Net assets | 2,742.9 | 2,412.6 |
| Accumulated NCI | 1,065.1 | 947.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

33. NON-CONTROLLING INTERESTS – *continued*

(i) SDIC Qinzhou – *continued*

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| For the year ended 31 December: | | |
| Revenue | 4,475.8 | 4,643.4 |
| Expenses | (4,156.3) | (4,336.3) |
| Profit for the year | 319.5 | 307.1 |
| Dividend paid to NCI | 1.5 | - |
| Net cash generated from operating activities | 1,077.6 | 1,688.0 |
| Net cash used in investing activities | (111.9) | (233.1) |
| Net cash used in financing activities | (1,035.8) | (1,357.7) |
| Net cash (outflow) / inflow | (70.1) | 97.2 |

(ii) SDIC Genting

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| At 31 December: | | |
| Current assets | 1,465.0 | 1,391.9 |
| Non-current assets | 5,228.8 | 5,796.0 |
| Current liabilities | (870.1) | (492.2) |
| Non-current liabilities | (2,004.2) | (3,239.8) |
| Net assets | 3,819.5 | 3,455.9 |
| Accumulated NCI | 1,871.6 | 1,693.4 |
| For the year ended 31 December: | | |
| Revenue | 4,538.9 | 4,256.9 |
| Expenses | (3,928.6) | (3,774.4) |
| Profit for the year | 610.3 | 482.5 |
| Dividend paid to NCI | 121.0 | 87.4 |
| Net cash generated from operating activities | 1,313.3 | 1,183.4 |
| Net cash (used in)/generated from investing activities | (53.0) | 341.5 |
| Net cash used in financing activities | (1,174.1) | (1,274.7) |
| Net cash inflow | 86.2 | 250.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

33. NON-CONTROLLING INTERESTS – *continued*

(iii) Yalong River

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| At 31 December: | | |
| Current assets | 3,535.3 | 3,513.4 |
| Non-current assets | 152,838.0 | 144,524.4 |
| Current liabilities | (22,045.2) | (17,758.9) |
| Non-current liabilities | (79,824.1) | (78,999.8) |
| Net assets | 54,504.0 | 51,279.1 |
| Accumulated NCI | 26,133.6 | 24,647.8 |
| For the year ended 31 December: | | |
| Revenue | 17,490.7 | 16,494.6 |
| Expenses | (11,260.3) | (10,474.0) |
| Profit for the year | 6,230.4 | 6,020.6 |
| Dividend paid in NCI | 2,304.0 | 2,832.6 |
| Net cash generated from operating activities | 13,451.5 | 12,777.3 |
| Net cash used in investing activities | (8,728.1) | (6,951.3) |
| Net cash used in financing activities | (4,702.6) | (6,539.0) |
| Net cash inflow/(outflow) | 20.8 | (713.0) |

(iv) Tianjin SDIC

| | 2020 RMB (m) | 2019 RMB (m) |
|-------------------------|-----------------|-----------------|
| At 31 December: | | |
| Current assets | 1,206.2 | 911.0 |
| Non-current assets | 11,581.4 | 12,362.8 |
| Current liabilities | (3,320.2) | (2,180.4) |
| Non-current liabilities | (5,264.7) | (6,938.5) |
| Net assets | 4,202.7 | 4,154.9 |
| Accumulated NCI | 1,513.0 | 1,495.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

33. NON-CONTROLLING INTERESTS – *continued*

(iv) Tianjin SDIC - *continued*

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| For the year ended 31 December: | | |
| Revenue | 5,503.2 | 5,700.5 |
| Expenses | (5,161.1) | (5,373.0) |
| Profit for the year | 342.1 | 327.5 |
| Dividend paid to NCI | 106.0 | 103.7 |
| Net cash generated from operating activities | 1,685.9 | 1,653.5 |
| Net cash used in investing activities | (384.4) | (421.7) |
| Net cash used in financing activities | (1,087.5) | (1,254.9) |
| Net cash inflow/(outflow) | 214.0 | (23.1) |

34. LONG-TERM LOANS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|------------------|------------------------|------------------------|
| Secured loans | 10,478.6 | 9,527.0 |
| Guaranteed loans | 400.7 | 338.9 |
| Unsecured loans | 92,335.5 | 100,013.6 |
| | 103,214.8 | 109,879.5 |

The long-term loans contain interest rate ranging from 1.08% to 6.02% per annum as at 31 December 2020 (2019: 1.08% to 6.02% per annum), with maturities up to 2046 (2019:2046).

The secured loans above are secured on the following items:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--------------------------------|------------------------|------------------------|
| Property, plant and equipment | 5,479.1 | 3,899.1 |
| Accounts and notes receivables | 3,420.5 | 2,486.9 |
| Intangible assets | 484.5 | 502.8 |
| | 9,384.1 | 6,888.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

34. LONG-TERM LOANS - *continued*

At 31 December 2020, guaranteed loans amounted to RMB400.7 million (2019: RMB338.9 million) were guaranteed by the following parties:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-------------|------------------------|------------------------|
| The Company | 262.4 | 331.1 |
| Others | 138.3 | 7.8 |
| | 400.7 | 338.9 |

35. LONG-TERM BONDS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-----------------|------------------------|------------------------|
| Corporate bonds | 5,200.0 | 4,400.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

35. LONG-TERM BONDS - *continued*

Corporate bonds were issued by the Company on 27 October 2016 and 18 November 2016, with a par value of RMB100 each totaling RMB1.2 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.10% per annum and 3.32% per annum respectively. The carrying amount of the aforementioned bonds were reclassified to current liabilities as at 31 December 2020 (note 45).

Corporate bonds were issued by the Company on 24 April 2018 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 4.50% per annum.

Corporate bonds were issued by the Company on 25 April 2019 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.93% per annum.

Corporate bonds were issued by the Company on 12 June 2019 with a par value of RMB100 each totaling RMB1.2 billion. The bonds have a 10-year term with fixed annual coupon and nominal interest rate of 4.59% per annum.

Corporate bonds were issued by the Company on 8 April 2020 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 3-year term with fixed annual coupon and nominal interest rate of 2.93% per annum.

Corporate bonds were issued by the Company on 10 September 2020 with a par value of RMB100 each totaling RMB1.0 billion. The bonds have a 5-year term with fixed annual coupon and nominal interest rate of 3.60% per annum.

36. LONG-TERM PAYABLES

| | 2020 RMB (m) | 2019 RMB (m) |
|---|-------------------------------|-------------------------------|
| Loans to non-controlling interests (note) | - | 170.7 |
| Long term employee retirement benefits | 463.4 | - |
| Others | 2.3 | 1.3 |
| Total | 465.7 | 172.0 |

Note: The amount due to non-controlling interests, Fujian Electric Power (Hong Kong) Co., Ltd, which was denominated in USD, interest bearing at 5% per annum and was fully settled during the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

37. LEASE LIABILITY

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-----------------|------------------------|------------------------|
| Lease liability | 555.5 | 719.6 |

The lease liability consisted of the following:

| | 2020 <i>RMB (m)</i> | | 2019 <i>RMB (m)</i> | |
|--|--|---------------------------|---|---------------------------|
| | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments |
| Within one year | 452.5 | 469.3 | 99.7 | 103.4 |
| Between one to two years | 193.2 | 213.2 | 60.0 | 66.2 |
| Between two or five years | 302.2 | 354.7 | 274.2 | 321.9 |
| Over five years | 60.1 | 81.4 | 385.4 | 521.8 |
| Less: Future finance charges | - | (110.6) | - | (194.0) |
| Present value of lease obligations | 1,008.0 | 1,008.0 | 819.3 | 819.3 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | 452.5 | 452.5 | 99.7 | 99.7 |

Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Land leased for own use, carried at depreciated cost | 1,279.5 | 1,291.4 |
| Mechanical equipment | 857.5 | 432.8 |
| Transportation facilities | 1.6 | - |
| | 2,138.6 | 1,724.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

37. LEASE LIABILITY– *continued*

Right-of-use assets - continued

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Depreciation charge of right-of-use assets by class of underlying assets | | |
| Land leased for own use | 41.7 | 35.3 |
| Mechanical equipment | 290.5 | 155.3 |
| Transportation facilities | 20.0 | - |
| | 352.2 | 190.6 |
| Interest on lease liability | 73.4 | 31.6 |

During the years ended 31 December 2020 and 2019, additions to right-of-use assets were RMB758.6 million and nil respectively. This amount primarily related to the capitalized lease payments payable under new tenancy agreements.

During the years ended 31 December 2020 and 2019, the total cash outflow for leases were RMB308.9 million and RMB380.1 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

38. PROVISIONS

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--------------------------|------------------------|------------------------|
| Disposal cost | 41.1 | 142.8 |
| Contingent consideration | 147.6 | 151.9 |
| Others | 2.0 | 2.0 |
| Total | 190.7 | 296.7 |

| | External guarantee <i>RMB (m)</i> | Contingent consideration <i>RMB (m)</i> | Others <i>RMB (m)</i> | Total <i>RMB (m)</i> |
|--|---|---|--------------------------|-------------------------|
| At 1 January 2019 | 141.0 | 144.0 | 130.2 | 415.2 |
| Payments made | (141.0) | - | (6.9) | (147.9) |
| Foreign exchange rate movements | - | 7.9 | 21.5 | 29.4 |
| At 31 December 2019 and 1 January 2020 | - | 151.9 | 144.8 | 296.7 |
| Disposal of subsidiaries | - | - | (106.4) | (106.4) |
| Foreign exchange rate movements | - | (4.3) | 4.7 | 0.4 |
| At 31 December 2020 | - | 147.6 | 43.1 | 190.7 |

External guarantee

As approved on the shareholders' meeting of the Company in 2012, the Company provided the credit guarantee of 6-year finance lease of RMB500 million to IBCN Finance Lease Co., Ltd. (hereinafter referred to as "IBCN Finance Lease") for SDIC Qujing Power Generation Co., Ltd. (hereinafter referred to as "Qujing Company", and renamed "Dongyuan Qujing Energy Co., Ltd."). Pursuant to the equity transfer contract of Qujing Company, "The transferee, Dongyuan Coal, shall relieve the guarantee responsibilities of SDIC Power within 180 days after it changes the industrial and commercial registrations. Based on the above guarantee, SDIC Power may have the corporate right of recourse for the subject in future, and Dongyuan Coal and Yunnan Coal Chemical Industry Group Co., Ltd. shall bear the joint liability to guarantee the counter guarantee.

As at 31 December 2019, Qujing Company has not performed the current payment obligation stipulated in the finance lease contract. From 2016 to 2019, the company received the rent paying notice from IBCB Finance Lease. From 2016 to 2019, SDIC Power, as the guarantor of the finance lease contract, has paid the overdue rents totaling RMB497.9 million to IBCB Finance Lease. The guarantee responsibility has been fulfilled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

38. PROVISIONS – *continued*

Contingent consideration

After deliberation and approval at the 29th meeting of the ninth board of directors of the Company on 24 February 2016, the Company agreed to acquire 100% equity of Red Rock Power Limited, a wholly-owned subsidiary of Repsol Nuevas Energias S.A. for GBP 185.4 million. At the same time, the payment of another GBP 16.6 million contingent consideration is determined by whether the acquisition of the underlying Inch Cape offshore wind power project can obtain a contract for difference or other similar preferential support which was measured at fair value at initial acquisition date and each of subsequent reporting period.

39. DEFERRED INCOME

Deferred income primarily represented government grants received by the Group from local government authorities for undertaking approved environmental protection projects.

40. ACCOUNTS AND NOTES PAYABLES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|----------------------|------------------------|------------------------|
| Notes payable | 215.3 | 506.4 |
| Accounts payables | 3,073.2 | 3,002.4 |
| Contract liabilities | 15.3 | 145.9 |
| | 3,303.8 | 3,654.7 |

Contract liabilities represent advances received for the sales of electricity and coal. These advances are recognised as contract liabilities until the sales transitions are made.

Revenue recognised during the year ended 31 December 2020 that was included in the contract liabilities as at 1 January 2020 is RMB145.9 million (2019: RMB407.4 million).

The Group has applied the practical expedient in IFRS 15 to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date as the performance obligations had an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

41. OTHER PAYABLES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Salaries payable | 91.7 | 229.9 |
| Interest of long-term borrowings | 392.2 | 415.8 |
| Debenture interest | 55.4 | 95.0 |
| Interest payable of short-term borrowings | 14.6 | 19.6 |
| Project fund and security deposit | 2,203.7 | 2,531.9 |
| Reservoir zone fund | 1,771.0 | 1,537.2 |
| Insurance compensation | 17.3 | 14.6 |
| Social security fund | 9.6 | 18.7 |
| Project purchase payment | 121.4 | 29.4 |
| Withheld payment | 1.1 | 2.5 |
| Special fund | 106.6 | 49.8 |
| Lease liabilities – current portion (note 37) | 452.5 | 99.7 |
| Others (note i) | 1,612.3 | 1,498.1 |
| | 6,849.4 | 6,542.2 |

Notes:

- (i) Others mainly include payables on service fees, water charges and other miscellaneous items.
- (ii) All of the other payables of the Group are expected to be settled or recognised as income within one year or are repayable on demand.

42. OTHER TAXES PAYABLES

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|--|------------------------|------------------------|
| Value-added tax | 107.9 | 163.7 |
| Personal income tax | 68.1 | 44.0 |
| Urban maintenance and construction tax | 7.0 | 13.6 |
| House tax | 6.6 | 5.5 |
| Education fee surcharge | 4.3 | 9.0 |
| Resource tax | 85.1 | 83.8 |
| Land use tax | 7.6 | 4.3 |
| Others | 101.3 | 97.6 |
| Total | 387.9 | 421.5 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

43. SHORT-TERM LOANS

| | 2020 RMB (m) | 2019 RMB (m) |
|-----------------|-------------------------------|-------------------------------|
| Unsecured loans | 7,226.1 | 5,283.8 |

At 31 December 2020, short-term loans amounted to RMB7,226.1 million (2019: RMB5,283.8 million) which were unsecured, unguaranteed and interest-bearing ranging from 3.20% to 4.99% (2019: 3.20% to 4.99%) per annum.

44. SHORT-TERM BONDS

| | 2020 RMB (m) | 2019 RMB (m) |
|-----------------|-------------------------------|-------------------------------|
| Corporate bonds | 2,500.0 | 1,500.0 |

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 4 August 2020, totaling RMB1.0 billion. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 1.70% per annum. The subsidiary will repay the principal and interest once the bonds matures.

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 5 November 2020, totaling RMB500.0 million. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 2.30% per annum. The subsidiary will repay the principal and interest once the bonds matures.

Short-term bonds issued by Yalong River Hydropower Development Company, Ltd. on 22 December 2020, totaling RMB1.0 billion. The bonds have a 180-day term with fixed annual coupon and nominal interest rate of 2.50% per annum. The subsidiary will repay the principal and interest once the bonds matures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

45. CURRENT PORTION OF LONG-TERM LIABILITIES

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| Long-term loans due within one year | 13,702.9 | 11,069.0 |
| Long-term payables due within one year | 612.5 | 207.8 |
| Long-term bonds due within one year | 1,200.0 | - |
| Total | 15,515.4 | 11,276.8 |

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE

Profit for the year from discontinued operations as shown below:

| | 2020 RMB (m) | 2019 RMB (m) |
|---|-----------------|-----------------|
| Loss from discontinued operations (notes (1) and (2) (i)) | - | (344.8) |
| Disposal gain (notes (1) and (2) (iii)) | 541.9 | 424.8 |
| Total | 541.9 | 80.0 |

The details as shown below:

(1) Disposal of investment in subsidiary that loses control (2019)

On 11 November 2019, the Group signed a “Property rights transaction contract” with Guangxi Investment Group Co., Ltd., transferring 55% equity of SDIC Beibu Gulf Power Generation Co., Ltd (“Beibu Gulf Power”) which belonged to the coal-fired power segment. The transfer price is RMB591 million and the Group has obtained net gain on disposal of RMB424.8 million.

| Name | Disposal price RMB (m) | Proportion (%) | Disposal method | Time to lose control | Basis for determining the timing of loss of control | The difference between the disposal investment enjoys corresponding share of net assets to the consolidated financial statements RMB (m) |
|------------------|---------------------------|----------------|-----------------|----------------------|---|---|
| Beibu Gulf Power | 591.0 | 55.00 | Transfer | 2019/11/11 | Property rights | 424.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – *continued*

(1) *Disposal of investment in subsidiary that loses control (2019) - continued*

The financial statements of Beibu Gulf Power shown below:

| | For the period from 1 January 2019 to 11 November 2019 RMB (m) |
|--|---|
| <i><u>Profit and loss</u></i> | |
| Revenue | 1,138.5 |
| Cost of sales | (1,067.8) |
| Gross profit | 70.7 |
| Administrative cost | (30.4) |
| Taxes and surcharges | (9.3) |
| Distribution cost | (0.1) |
| Impairment of property, plant and equipment, inventory and intangibles | (77.9) |
| Other income and expenses | 10.6 |
| Share of profit of associates | 14.7 |
| Operating expense | (21.7) |
| Finance income | 0.5 |
| Finance costs | (40.2) |
| Loss before tax | (61.4) |
| Income tax expense | (0.7) |
| Loss for the period | (62.1) |

The net assets of Beibu Gulf Power at the date of transferred (11 November 2019) were as follows:

| | |
|---------------------------------------|---------|
| <i><u>Net assets disposed of:</u></i> | RMB (m) |
| Property, plant and equipment | 867.8 |
| Intangible assets | 78.4 |
| Investment in associates | 18.0 |
| Inventories | 91.0 |
| Accounts and other receivables | 150.0 |
| Cash and cash equivalents | 171.8 |
| Accruals and other liabilities | (437.4) |
| Loans | (639.4) |
| | 300.2 |
| Less: Non-controlling interest | (135.1) |
| | 165.1 |
| Cash consideration | 591.0 |
| Less: Net assets disposed | (165.1) |
| Cost of disposal | (1.1) |
| Disposal gain | 424.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – *continued*

(1) *Disposal of investment in subsidiary that loses control (2019) - continued*

| <i>Net cash inflow arising on disposal</i> | <i>RMB (m)</i> |
|--|----------------|
| Cash received, net of part of cost of disposal | 584.5 |
| Less: Cash and cash equivalent disposed of | (171.8) |
| Net cash flow | 412.7 |

(2) *Assets held for sale*

In accordance with the Group's strategy to focus on clean energy, on 27 December 2019, the Group signed a "Property rights transaction contract" with China Coal Energy Group Co., Ltd. ("China Coal"), transferring 51% equity of SDIC Xuancheng, 60% equity of SDIC Yili, 51.22% equity of Jingyuan Second Power, 35% equity of Huaibei Guo'an Power Co., Ltd. ("Huaibei Guoan") and 45% equity of GEPIC Zhangye Power Generation Co., Ltd. ("Zhangye Power"). These sold companies are all coal-fired power plants. The total transfer price is RMB1, 809.1 million. On 13 January 2020, China Coal had paid the full price and completed the management change. The Group has obtained net gain on disposal of RMB541.9 million.

(i) *Cost method*

Assets held for sale in cost method consist of SDIC Xuancheng, SDIC Yili and Jingyuan Second Power.

| Name | Disposal price <i>RMB (m)</i> | Proportion (%) | Disposal method | Time to lose control | Basis for determining the timing of loss of control | The difference between the disposal investment enjoys corresponding share of net assets to the consolidated financial statements <i>RMB (m)</i> |
|-----------------------|----------------------------------|-------------------|-----------------|----------------------|---|--|
| SDIC Yili | 311.0 | 60.00 | Transfer | 2020/1/1 | Transfer of Property rights | 96.8 |
| Jingyuan Second Power | 337.9 | 51.22 | Transfer | 2020/1/1 | Transfer of Property rights | 324.4 |
| SDIC Xuancheng | 569.6 | 51.00 | Transfer | 2020/1/1 | Transfer of Property rights | 44.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – *continued*

(2) *Assets held for sale – continued*

(i) *Cost method – continued*

The financial statements shown below:

| <u>Profit and loss</u> | For the year ended 31 December 2019 RMB (m) |
|--|---|
| Revenue | 3,543.0 |
| Cost of sales | (3,415.2) |
| Gross profit | 127.8 |
| Administrative cost | (98.4) |
| Taxes and surcharges | (43.7) |
| Distribution cost | (0.6) |
| Impairment of financial assets | (1.5) |
| Impairment of property, plant and equipment, inventory and intangibles | (49.5) |
| Other income and expenses | 25.1 |
| Operating expense | (40.8) |
| Shares of profits and associates | 0.2 |
| Finance income | 2.5 |
| Finance costs | (243.5) |
| Loss before tax | (281.6) |
| Income tax expense | (1.1) |
| Loss for the year | (282.7) |
| <u>Financial position</u> | As at 31 December 2019 RMB (m) |
| Non-current assets | |
| Property, plant and equipment | 5,682.0 |
| Investment properties | 3.1 |
| Intangible assets | 269.9 |
| Investments in associates | 16.7 |
| Deferred tax assets | 7.1 |
| | 5,978.8 |
| Current assets | |
| Inventories | 197.9 |
| Accounts and notes receivables | 588.9 |
| Prepayments and other receivables | 31.1 |
| Tax recoverable | 0.1 |
| Cash and cash equivalents | 166.2 |
| Restricted deposits | 4.7 |
| | 988.9 |
| | 6,967.7 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – *continued*

(ii) *Assets held for sale –continued*

(i) *Cost method – continued*

| | 2020 RMB (m) | 2019 RMB (m) |
|--|-----------------|-----------------|
| Cash flow from discontinued operations | | |
| Net cash (used in)/generated from operating activities | (1.3) | 574.1 |
| Net cash generated from/(used in) investing activities | 1,591.9 | (194.9) |
| Net cash used in financial activities | - | (416.8) |
| Net cash inflow/(outflow) | 1,590.6 | (37.6) |

(ii) *Disposal of SDIC Yili, Jingyuan Second Power and SDIC Xuancheng (2020)*

| | |
|--------------------------------|--------------|
| <u>Net assets disposed of:</u> | RMB (m) |
| Property, plant and equipment | 5,690.1 |
| Investment properties | 3.1 |
| Goodwill | 5.2 |
| Intangible assets | 269.9 |
| Investment in associates | 16.7 |
| Inventories | 197.9 |
| Accounts and other receivables | 626.7 |
| Cash and cash equivalents | 163.3 |
| Accruals and other liabilities | (1,548.7) |
| Loans | (4,049.0) |
| | 1,375.2 |
| Less: Non-controlling interest | (622.7) |
| | 752.5 |
| <u>Gain on disposal:</u> | RMB (m) |
| Cash consideration | 1,218.5 |
| Less: Net assets disposed of | (752.5) |
| Disposal gain | 466.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

46. DISCONTINUED OPERATION AND ASSETS HELD FOR SALE – *continued*

(2) *Assets held for sale –continued*

(iii) *Disposal gain (2020)*

| | <i>RMB (m)</i> |
|--|-----------------------|
| Gain on disposal of SDIC Yili, Jingyuan Second Power and SDIC Xuan Cheng ((2) (iii)) | 466.0 |
| Gain on disposal of Huaibei Guoan and Zhangye Power | 77.0 |
| Less: Transaction cost | (1.1) |
| | 541.9 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - *continued*

Financial instruments

The Group's financial assets comprise of restricted deposits, cash and cash equivalents, accounts and notes receivable, long-terms receivables, FVTPL and FVTOCI.

The Group's financial liabilities comprise of accounts and notes payables, other payables, dividends payables, short-term loans, short-term bonds, current portion of long-term liabilities, long-term loans, long-term bonds, long-terms payables and provisions.

All of the above are measured at the amortised basis with the exception of FVTPL and loss and FVTOCI instruments.

The directors considered that the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values given the terms of the arrangements and the relatively stable interest rate environment.

As mentioned above, only the FVTPL and FVTOCI instruments are held at fair value.

The remainder of these assets are held at cost being the amount paid for the investment. The directors considered that as each of the investments remained in construction and were pre-revenue, the cost was the best indicator of the fair value at the balance sheet date.

Risk management

The Group's activities expose itself to a variety of financial risks, such as credit risk, foreign currency risk, liquidity risk and interest rate risk. The Group's overall risk management objective is to establish the risk management policy to minimise these risks without a significant impact on the Group's operations

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk is primarily attributed to its accounts and notes receivables, other receivables and long-term receivable and the guarantees it has issued (see note 51). Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 19.0% and 53.2% (2019: 23.8% and 67.5%) of the total accounts and notes receivables were due from the Group's largest customer and the five largest customers respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - *continued*

Credit risk - *continued*

Except for the financial guarantees given by the Group as set out in note 51, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 51.

The followings provide information about the Group's exposure to credit risk and ECLs for financial assets as at 31 December 2020:

The provision for ECL has been made using the below detail:

| | Loss allowance | Loss allowance |
|---------------------------------------|----------------|----------------|
| | 2020 | 2019 |
| | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Impairment losses of financial assets | | |
| Accounts and notes receivables | 40.6 | 118.6 |
| Long-term receivable | 31.0 | 7.4 |
| Other receivables | 6.3 | 6.2 |
| | 77.9 | 132.2 |

(a) Accounts and notes receivables

In respect of accounts and notes receivables, individual credit evaluations are performed regularly on all customers granted with credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer. Debtors are due within 30 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for accounts and notes receivables are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate grouping. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. ECLs rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Please refer to note 24 for the movement of provision for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Credit risk - *continued*

(b) Long-term receivable

The long-term receivable is mainly from associates and joint ventures. The Group has regular assess to financial information of the entities. At 31 December 2020, the Group had made 12 months and a lifetime loss allowance on credit-impaired long-term receivable amount to RMB1.0 million and RMB62.5 million respectively. As at 31 December 2020, 12-month ECLs and lifetime ECLs of the Group amounted to RMB0.5 million and RMB30.5 million respectively, including reversal of allowance on long-term receivable of RMB0.9 million.

(c) Other receivables

In respect of other receivables, the Group assessed together based on credit risk characteristics and the days past due. At 31 December 2020, the Group had made accumulated 12 months and a lifetime loss allowance on credit-impaired other receivables amounting to RMB8.1 million and RMB48.5 million respectively. As at 31 December 2020, 12-month ECLs and lifetime ECLs of the Group amounted to RMB2.0 million and RMB4.3 million respectively, including reversal of allowance on other receivables of RMB1.0 million.

(d) Bank balance

The Group maintains most of its bank deposits in several major government-related financial institutions in the PRC. With strong State support provided to those government-related financial institutions and the holding of directorship in the board of the related party non-bank financial institution, the directors are of the opinion that there is no significant credit risk on such assets being exposed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Foreign exchange risk

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

As of 31 December 2020 and 2019, the Group's net monetary assets/ liabilities by functional currency of the Group's entities were as follow:

| Current of monetary liability | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-------------------------------|------------------------|------------------------|
| RMB | (120,070.0) | (119,876.9) |
| USD | (1,141.2) | (1,297.3) |
| GBP | (3,114.3) | (5,046.0) |
| THB | (73.7) | (182.7) |
| | (124,399.2) | (126,402.9) |

The foreign currency risk of the Group mainly derives from some borrowings and deposits in GBP, THB and USD. The Board has reviewed the RMB/GBP, RMB/THB and RMB/USD exchange rate movement for the last two years and consider that a 10% movement would represent the maximum realistic exposure. The impact of such a change would not have a material impact on the reported results and therefore no sensitivity analysis is presented.

Interest rate risk

The Group is mainly exposed to cash flow interest rate risk from long-term loans at variable interest rate. All short-term borrowings are at fixed rate. The directors consider that given the past history of interest rate movements and the economic outlook that it is unlikely that there will be significant increase in interest rates. Should the interest rate increase/(decrease) by 1% (2019: 1%), which is the Directors assessment of the highest realistic increase, then the interest charge would increase/(decrease) by RMB1,034.4 million (2019: RMB1,098.8 million).

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group seeks to achieve this aim by ensuring that it has sufficient lines of credit and borrowings facilities in order to meet its obligations as they fall due. In addition, the Group maintains relationships with financial institutions and is confident that it has the ability to restructure its facilities and modify the timing of its obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Liquidity risk –*continued*

| <u>At 31 December 2020</u> | Up to 6 months | Between 6 and | Between 1 and | Between 2 and | Over 5 years |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------|
| | RMB (m) | 12 months | 2 years | 5 years | |
| | | RMB (m) | RMB (m) | RMB (m) | RMB (m) |
| Account payables | 1,101.5 | 506.1 | 303.6 | 755.5 | 406.5 |
| Other payables | 1,541.7 | 1,856.1 | 1,164.6 | 2,208.1 | 78.9 |
| Long-term payable | 424.8 | 143.8 | 162.5 | 303.2 | - |
| Lease liability | - | 469.3 | 213.2 | 354.7 | 81.4 |
| Long-term loans | 7,176.6 | 6,526.3 | 12,442.5 | 25,875.8 | 64,896.5 |
| Short-term loans | 2,418.6 | 4,807.5 | - | - | - |
| Long-term bonds | - | 1,200.0 | - | 4,000.0 | 1,200.0 |
| Short-term bonds | 1,500.0 | 1,000.0 | - | - | - |
| Total | 14,163.2 | 16,509.1 | 14,286.4 | 33,497.3 | 66,663.3 |

| <u>At 31 December 2019</u> | Up to 6 months | Between 6 and | Between 1 and | Between 2 and | Over 5 years |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------|
| | RMB (m) | 12 months | 2 years | 5 years | |
| | | RMB (m) | RMB (m) | RMB (m) | RMB (m) |
| Account payables | 1,477.9 | 1,524.5 | - | - | - |
| Other payables | 3,294.0 | 3,248.2 | - | - | - |
| Long-term payable | 108.1 | - | 172.0 | - | - |
| Lease liability | 1.7 | 101.7 | 66.2 | 321.9 | 521.8 |
| Long-term loans | 3,446.3 | 7,622.7 | 9,798.1 | 21,120.6 | 78,960.8 |
| Short-term loans | 2,666.5 | 2,617.3 | - | - | - |
| Long-term bonds | - | - | 1,200.0 | 1,000.0 | 2,200.0 |
| Short-term bonds | 1,500.0 | - | - | - | - |
| Total | 12,494.5 | 15,114.4 | 11,236.3 | 22,442.5 | 81,682.6 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Fair values

- (i) Financial instruments carried at fair value

At 31 December 2020 and 2019, the Group had following financial instruments carried at fair value all of which are based on the Level 1 and Level 3 of the fair value hierarchy:

| | <i>Fair value measurements as 31 December 2020 categorised into</i> | | | <i>Fair value at 31 December 2020</i> |
|--|---|----------------------------|----------------------------|---|
| | <i>Level 1 RMB (m)</i> | <i>Level 2 RMB (m)</i> | <i>Level 3 RMB (m)</i> | |
| Financial assets | | | | |
| Financial assets at FVTPL | | | | |
| - Listed | 946.3 | - | - | 946.3 |
| - Contingent consideration receivables | - | - | 93.3 | 93.3 |
| Financial assets at FVTOCI | | | | |
| - Unlisted | - | - | 137.9 | 137.9 |
| Financial liabilities | | | | |
| Financial liabilities at FVTPL | | | | |
| - Contingent consideration payables | - | - | (147.6) | (147.6) |
| Derivative financial instruments | | | | |
| - Cash flow hedging instruments | - | - | (62.5) | (62.5) |
| | 946.3 | - | 21.1 | 967.4 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Fair values – continued

| | <i>Fair value measurements as 31 December 2019 categorised into</i> | | | <i>Fair value at 31 December 2019</i> |
|-------------------------------------|---|----------------------------|----------------------------|---|
| | <i>Level 1 RMB (m)</i> | <i>Level 2 RMB (m)</i> | <i>Level 3 RMB (m)</i> | |
| Financial assets | | | | |
| Financial assets at FVTPL | | | | |
| - Listed | 859.2 | - | - | 859.2 |
| Financial assets at FVTOCI | | | | |
| - Unlisted | - | - | 116.1 | 116.1 |
| Financial liabilities | | | | |
| Financial liabilities at FVTPL | | | | |
| - Contingent consideration payables | - | - | (151.9) | (151.9) |
| Derivative financial instruments | | | | |
| - Cash flow hedging instruments | - | - | (31.9) | (31.9) |
| | 859.2 | - | (67.7) | 791.5 |

During the year ended 31 December 2020, there was no significant transfer between financial instruments in Level 1, Level 2 and Level 3 of the fair value hierarchy. Fair value adjustment of financial assets at FVTPL was recognised in the line item “Fair value movements on financial instruments measured at FVTPL” on the face of the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

47. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – *continued*

Fair values – continued

- (i) Financial instruments carried at fair value - continued

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (level 3) are as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---------------------------------|------------------------|------------------------|
| At 1 January | (67.7) | 44.8 |
| Additions | 93.3 | 18.6 |
| Disposals | - | (66.3) |
| Foreign exchange rates movement | 4.3 | (7.9) |
| Fair value adjustment | (8.8) | (56.9) |
| At 31 December | 21.1 | (67.7) |

During the year ended 31 December 2020 and 2019, there were no significant transfers between financial instruments in Level 1 and Level 2, or transfer into and out of level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

- (ii) The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and the fair values of other financial assets and financial liabilities are determined accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the returns to the shareholders through the optimisation of the capital structure.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, raise new debts or sell assets to reduce debts.

The Group monitors capital on the basis of the assets-to-liabilities ratio. This ratio is calculated as total liabilities divided by total assets. The assets-to-liabilities ratio of the Group as at 31 December 2020 was 63.94% (2019: 66.91%).

Taking into consideration of the Group's expected operating cash flows, the available banking facilities and their past experience in refinancing short-term borrowings, the directors believe the Group can meet their current obligations when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS

(i) *Dingbian Angli Photovoltaic Technology Co., Ltd. (“Dingbian Angli”)*

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in January 2020, the Company acquired 100% equity of Dingbian Angli at the price of RMB59.0 million, and consolidates Dingbian Angli as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 645.9 |
| Cash and cash equivalents | 24.8 |
| Accounts and other receivables | 266.1 |
| Accrual and other liabilities | (857.2) |
| Total net assets | 79.6 |
| Fair value of consideration paid | |
| Cash | 59.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB266.1 million. The gross amount of these receivables is RMB266.1 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Dingbian Angli contributed RMB114.1 million to group revenues and RMB20.5 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Dingbian Angli would have contributed RMB114.1 million to group revenues and RMB20.5 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS – *continued*

(ii) Xiangshui Yongneng Solar Power Generation Co., Ltd. (“Xiangshui Yongneng”)

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in May 2020, the Company acquired 100% equity of Xiangshui Yongneng at the price of RMB100.0 million, and consolidates Xiangshui Yongneng as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------|
| Property, plant and equipment | 146.6 |
| Cash and cash equivalents | - |
| Accounts and other receivables | 203.0 |
| Accrual and other liabilities | (237.4) |
| Total net assets | 112.2 |
| Fair value of consideration paid | |
| Cash | 100.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB203.0 million. The gross amount of these receivables is RMB203.0 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Xiangshui Yongneng contributed RMB15.3 million to group revenues and RMB2.0 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Xiangshui Yongneng would have contributed RMB27.6 million to group revenues and RMB7.8 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(iii) *Xiangshui Hengneng Solar Power Generation Co., Ltd.* (“Xiangshui Hengneng”)

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in May 2020, the Company acquired 100% equity of Xiangshui Hengneng at the price of RMB438 million, and consolidates Xiangshui Hengneng as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 823.4 |
| Cash and cash equivalents | 0.1 |
| Accounts and other receivables | 814.3 |
| Accrual and other liabilities | (1,177.4) |
| Total net assets | 460.4 |
| Fair value of consideration paid | |
| Cash | 438.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB814.3 million. The gross amount of these receivables is RMB814.3 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Xiangshui Hengneng contributed RMB62.3 million to group revenues and RMB2.4 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Xiangshui Hengneng would have contributed RMB109.7 million to group revenues and RMB19.9 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(iv) *Jingbianxian Zhiguang New Energy Development Co., Ltd. ("Jingbianxian Zhiguang")*

In accordance with the Group's strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in September 2020, the Company acquired 100% equity of Jingbianxian Zhiguang at the price of RMB82.0 million, and consolidates Jingbianxian Zhiguang as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 287.7 |
| Cash and cash equivalents | 1.8 |
| Accounts and other receivables | 212.8 |
| Accrual and other liabilities | (408.0) |
| Total net assets | 94.3 |
| Fair value of consideration paid | |
| Cash | 82.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB212.8 million. The gross amount of these receivables is RMB212.8 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Jingbianxian Zhiguang contributed RMB18.9 million to group revenues and RMB6.5 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Jingbianxian Zhiguang would have contributed RMB75.1 million to group revenues and RMB16.9 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(v) *Guyuanxian Guanghui New Energy Power Co., Ltd. (“Guyuanxian Guanghui”)*

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in November 2020, the Company acquired 100% equity of Guyuanxian Guanghui at the price of RMB63 million, and consolidates Guyuanxian Guanghui as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 148.7 |
| Intangible assets | 0.1 |
| Cash and cash equivalents | 0.9 |
| Accounts and other receivables | 54.7 |
| Borrowings | (116.7) |
| Accrual and other liabilities | (20.6) |
| Total net assets | 67.1 |
| Fair value of consideration paid | |
| Cash | 63.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB54.7 million. The gross amount of these receivables is RMB54.7 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Guyuanxian Guanghui contributed RMB3.0 million to group revenues and RMB0.2 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Guyuanxian Guanghui would have contributed RMB26.4 million to group revenues and RMB4.7 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(vi) *Zhangjiakou Jinke New Energy Co., Ltd* (“Zhangjiakou Jinke”)

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in November 2020, the Company acquired 100% equity of Zhangjiakou Jinke at the price of RMB40.0 million, and consolidates Zhangjiakou Jinke as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 105.5 |
| Cash and cash equivalents | 1.1 |
| Accounts and other receivables | 58.8 |
| Accrual and other liabilities | (120.1) |
| Total net assets | 45.3 |
| Fair value of consideration paid | |
| Cash | 40.0 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB58.8 million. The gross amount of these receivables is RMB58.8 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Zhangjiakou Jinke contributed RMB1.4 million to group revenues and RMB0.9 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Zhangjiakou Jinke would have contributed RMB21.1 million to group revenues and RMB4.5 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(vii) *Shenyang Jinbu Photovoltaic Power Co., Ltd* (“Shenyang Jinbu”)

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in November 2020, the Company acquired 100% equity of Shenyang Jinbu at the price of RMB nil, and consolidates Shenyang Jinbu as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Cash and cash equivalents | - |
| Accounts and other receivables | 31.7 |
| Accrual and other liabilities | (31.7) |
| Total net assets | - |
| Fair value of consideration paid | |
| Cash | - |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the statement of comprehensive income.

The fair value of accounts and other receivables amounted to RMB31.7 million. The gross amount of these receivables is RMB31.7 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Shenyang Jinbu contributed RMB nil to group revenues and RMB nil to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Shenyang Jinbu would have contributed RMB nil to group revenues and RMB nil to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS - *continued*

(viii) *Dechang Wind Power Development Co., Ltd (“Dechang Wind Power”)*

In accordance with the Group’s strategy to focus on clean energy and accelerate the development of photovoltaic power generation, in October 2020, the Company acquired 100% equity of Dechang Wind Power at the price of RMB1,314.4 million, and consolidates Dechang Wind Power as a subsidiary.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration on acquisition are as follows:

| | Fair value RMB (m) |
|---|-------------------------------------|
| Property, plant and equipment | 3,290.2 |
| Intangible assets | 0.1 |
| Cash and cash equivalents | 229.1 |
| Accounts and other receivables | 137.0 |
| Borrowings | (1,851.9) |
| Accrual and other liabilities | (490.0) |
| Total net assets | 1,314.5 |
| Fair value of consideration paid | |
| Cash | 1,314.4 |

The acquisition costs and the bargain purchase have been recognised as part of administrative expenses and other income and expense respectively in the consolidated statement of profit or loss and other comprehensive income. The gain on bargain purchase was mainly attributable to predominate influence in the renewable energy market by sizable company upon business combination.

The fair value of accounts and other receivables amounted to RMB137.0 million. The gross amount of these receivables is RMB137.0 million. None of the receivables have been impaired and it is expected to be collectible at the date of acquisition.

Dechang Wind Power contributed RMB81.5 million to group revenues and RMB31.0 million to group profit between the date of acquisition and 31 December 2020. If the acquisition had occurred on 1 January 2020, Dechang Wind Power would have contributed RMB339.4 million to group revenues and RMB80.9 million to group profit for the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

48. BUSINESS COMBINATIONS – *continued*

Cash consideration and gain on bargain purchase:

| | Dingbian Angli | Xiangshui Yongneng | Xiangshui Hengneng | Jingbianxian Zhiguang | Guyuanxian Guanghui | Zhangjiakou Jinke | Shenyang Jinbu | Dechang Wind Power | Total |
|--|-------------------|-----------------------|-----------------------|--------------------------|------------------------|----------------------|-------------------|-----------------------|----------------|
| | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> | <i>RMB (m)</i> |
| Cash consideration | 59.0 | 100.0 | 438.0 | 82.0 | 63.0 | 40.0 | - | 1,314.4 | 2,096.4 |
| Fair value of identifiable assets and liabilities | 79.6 | 112.2 | 460.4 | 94.3 | 67.1 | 45.3 | - | 1,314.5 | 2,173.4 |
| Gain on bargain purchase | (20.6) | (12.2) | (22.4) | (12.3) | (4.1) | (5.3) | - | (0.1) | (77.0) |

Net cash outflow arising from acquisition:

| | | | | | | | | | |
|--------------------------------------|--------|---------|---------|--------|--------|--------|---|-----------|-----------|
| Cash consideration | (59.0) | (100.0) | (438.0) | (82.0) | (63.0) | (40.0) | - | (1,314.4) | (2,096.4) |
| Cash and cash equivalent acquired | 24.8 | - | 0.1 | 1.8 | 0.9 | 1.1 | - | 229.1 | 257.8 |
| Net cash outflow arising acquired | (34.2) | (100.0) | (437.9) | (80.2) | (62.1) | (38.9) | - | (1,085.3) | (1,838.6) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

49. DISPOSAL OF SUBSIDIARIES

On 5 November 2020, the Group disposal of its 50% interests in a wholly-owned subsidiary, Inch Cape Offshore Limited to an independent third party. The principal activities of Inch Cape Offshore Limited and its subsidiary are the development of an offshore wind power project located in North Sea, the UK. After the disposal, Inch Cape Offshore Limited and its subsidiary became joint ventures of the Company.

Analysis of assets and liabilities of the subsidiaries in which the control was lost:

| | <i>As at 5 November 2020</i> <i>RMB (m)</i> |
|---|--|
| Property, plant and equipment | 100.9 |
| Intangible assets | 437.2 |
| Accounts and other receivables | 3.2 |
| Cash and cash equivalents | 4.8 |
| Accounts and other payables | (9.9) |
| Shareholder's loan | (357.3) |
| Provisions | (104.5) |
| Goodwill (note 16) | 426.3 |
| Net assets disposed of | 500.7 |
| Gain disposal of subsidiaries | 48.8 |
| Total consideration | 549.5 |
| Satisfied by: | |
| Cash consideration received and receivables (note 25) | 355.6 |
| Fair value of the share of net assets (joint venture) | 100.6 |
| Contingent consideration receivables (note 29) | 93.3 |
| | 549.5 |
| Net cash inflow on disposal of a subsidiaries:: | |
| Cash consideration received | 7.2 |
| Less: cash and cash equivalents of subsidiaries disposed of | (4.8) |
| | 2.4 |

The aggregate estimated fair values of two contingent consideration receivables of RMB93.3 million has been recognised as at the date of disposal of 5 November 2020. The fair values were determined by the management based on the terms of the disposal agreement and the conditions of the wind power project as at 5 November 2020 and are expected to be finalised within the next 12 months. As at the reporting date of 31 December 2020, the management reassessed and concluded that there was no material change in, the estimated fair values of these contingent consideration receivables since the expected probable outcome did not change significantly. Accordingly, no material fair value change has been recognised in profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

50. SUBSEQUENT EVENTS

After the end of the reporting period, the directors of the Company proposed a final dividend for 2020. Details were disclosed in note 13.

Subsequent to the reporting date, the Company completed transaction for a sale and purchase agreement dated 6 December 2020 acquiring 90% of equity interest of Hengfeng Jinke Power Co., Ltd. (“Hengfeng Jinke”) from an independent third party at the consideration of RMB176.0 million. The purchase consideration for the acquisition was in the form of cash. Hengfeng Jinke is engaged in generation and sales of solar power. The acquisition was made as part of the Group’s strategy to diversify the Group’s business and enhance long-term growth potential of the Group. The Company had not yet determined the fair value of the identifiable assets and liabilities of above acquisitions at the Completion date. Accordingly, the directors of the Company consider that it is not practicable to disclose the financial information of the acquisitions as required under IFRS 3 (Revised) “Business Combinations”, including the fair value of its assets and liabilities and goodwill (if any) as at date of report.

On 25 March 2021, The Company also entered into a sale and purchase agreement for acquiring 81% of equity interest of Yancheng Zhihui Energy Power Co., Ltd. (“Yancheng Zhihui”) from an independent third party at the consideration of RMB16 million. The purchase consideration for the acquisition was in the form of cash. Hengfeng Jinke is engaged in generation and sales of solar power. The acquisition has not yet completed as at the date of report.

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS

In the opinion of the directors, State Development and Investment Group Co Limited, a company incorporated in the PRC, is the ultimate parent company of the Group. The final controlling party is the State-owned Assets Supervision and Administration Commission of the State Council.

Related party transactions were made on terms equivalent to those that prevail in arm’s length transactions.

Significant transactions with government-related entities

Government-related entities, other than entities under the Company which is a state-owned enterprise and its subsidiaries, directly or indirectly controlled by the Central People’s Government of the PRC (“Government-Related Entities”) are also regarded as related parties of the Group.

For the purpose of the related party transactions disclosure, the Group has established procedures for determination, to the extent possible, of the identification of the ownership structure of its customers and suppliers as to whether they are Government-related entities to ensure the adequacy of disclosure for all material related party transactions given that many Government-related entities have multi-layered corporate structures and the ownership structures change over time as a result of transfers and privatisation programs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities – *continued*

During the years ended 31 December 2020 and 2019, the Group sold substantially all of its electricity to local government-related power grid companies.

The Group maintained most of its bank deposits in government-related financial institutions while lenders of most of the Group's loans are also government-related financial institutions, associated with the respective interest income or interest expense incurred.

During the years ended 31 December 2020 and 2019, other collectively significant transactions with Government-related entities also included purchases of fuel and property, plant and equipment.

The balances with Government-related entities also included substantially all the accounts receivables of local government-related power grid companies, most of the bank deposits which placed in government-related financial institutions as well as accounts payables and accrued liabilities arising from the purchases of coal and property, plant and equipment. These balances are unsecured, interest free and due within 12 months.

(i) Related transactions of purchase and sale of goods and rendering and receiving of service

Details of purchase of goods/ rendering of service:

| Related party | Content of related transaction | 2020 <i>RMB ('000)</i> | 2019 <i>RMB ('000)</i> |
|--|--|---------------------------|---------------------------|
| SDIC Meizhou Bay Port Co., Ltd | Harbour handling charge | 150,922.8 | 154,652.2 |
| SDIC Qinzhou Harbour Co., Ltd | Harbour handling charge | 37,272.4 | 32,224.9 |
| SDIC Property Management Co., Ltd. | Property management fee | 5,181.1 | - |
| China National Investment Consultation Co., Ltd | Supervision and survey service charge | 2,834.3 | 1,987.0 |
| China Electronic Engineering Design Institute Co., Ltd | Consulting fee | - | 990.0 |
| SDIC Asset Management Co., Ltd. | Asset management fee | 1,141.5 | - |
| SDIC Human Resource Service Co., Ltd | Consigned management charge | 1,020.2 | 139.2 |
| SDIC Intelligence Co., Ltd | Procurement of software and office equipment | 4,350.2 | 2,201.4 |
| SDIC Finance Co., Ltd | Consulting fee | 10.0 | - |
| HI-STAR Import & Export Co., Ltd. | Epidemic prevention materials | 177.0 | - |
| SDIC Yahua (Beijing) Co., Ltd. | Accommodation services | 2.6 | - |
| Xiamen Meiya Pico Information Co., Ltd | Procurement of network equipment | 42.5 | 2.2 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities - *continued*

(i) Related transactions of purchase and sale of goods and rendering and receiving of service - *continued*

Details of selling of goods/ rendering of service:

| Related party | Content of related transaction | 2020 | 2019 |
|--|--|-------------------|-------------------|
| | | <i>RMB ('000)</i> | <i>RMB ('000)</i> |
| Beatrice Offshore Windfarm Limited | Interest income | - | 3,156.4 |
| SDIC Qinzhou Harbour Co., Ltd. | Electric charge | - | 3,166.6 |
| Xiamen Haicang Thermal Energy Investment Co., Ltd. | Heating sales | 18,233.2 | 17,688.6 |
| SDIC Guangdong Bioenergy Co., Ltd. | Coal sales | - | 1,792.0 |
| SDIC Qinzhou Harbour Co., Ltd | Equipment lease/ Harbour handling charge /Coal unloading service | 6,712.3 | 10,362.1 |
| Inch Cape Offshore Limited | Consigned management charge | 4,329.5 | - |
| Jiangxi Ganneng Co.,Ltd. Fengcheng 2 nd Phase Power Station | Labour provision | 1,239.4 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities - *continued*

(ii) Related entrusted management/ contracting and consigned management/ outsourcing

List of entrusted management/ contracting of the Company:

As at 31 December 2020

| Name of entrusting party/ outsourcing party | Name of trustee/ contractor | Name of entrusted/ contracted asset | Start date of entrusting/ contracting | End date of entrusting/ contracting | Reference for pricing of entrusting/ contracting income | Entrusting/ Contracting Income Confirmed in current period |
|---|-----------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---|--|
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |

As at 31 December 2019

| Name of entrusting party/ outsourcing party | Name of trustee/ contractor | Name of entrusted/ contracted asset | Start date of entrusting/ contracting | End date of entrusting/ contracting | Reference for pricing of entrusting/ contracting income | Entrusting/ Contracting Income Confirmed in current period |
|---|-----------------------------|-------------------------------------|---------------------------------------|-------------------------------------|---|--|
| | SDIC | | | | | |
| State Development & Investment Group., Ltd | Power Holdings CO., LTD | Equity trusteeship | 2019/1/1 | 2019/9/30 | Agreement | RMB 141,500 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – continued

Significant transactions with government-related entities – continued

(ii) Related entrusted management/ contracting and consigned management/ outsourcing - continued

Description of related entrusting/ contracting

Pursuant to Articles 4.2 and 4.3 of Entrusted Management Agreement between State Development & Investment Group Co., Ltd. and SDIC Huajing Electric Power Holding Co., Ltd. signed on 4 June 2009 and supplementary agreement signed in 2013, State Development & Investment Group Co., Ltd. entrusts the Company to manage 10% of equity of Green Coal Power Co., Ltd. The trusteeship fee was confirmed and received is RMB141,509.43 during 2019.

(iii) Related lease

The Company acts as lessee:

| Name of lessor | Category of leased asset | 2020 RMB ('000) | 2019 RMB ('000) |
|---|--------------------------|--------------------|--------------------|
| Beijing Yahua Real Estate Development Co., Ltd. | Investment property | 11,424.5 | 11,397.3 |
| SDIC Finance Lease Co., Ltd | Machine and equipment | 113,831.3 | 125,365.5 |

(iv) Related guarantee

The Company acts as guarantor:

For the year ended 31 December 2020

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|--|---|-------------------------------|-----------------------------|----------------------------------|
| SDIC Golmud Photovoltaic Power Generation Co., Ltd | 34,810 | 2010/8/27 | 2025/8/27 | No |
| SDIC Golmud Photovoltaic Power Generation Co., Ltd | 22,800 | 2010/8/27 | 2025/8/27 | No |
| SDIC Golmud Photovoltaic Power Generation Co., Ltd | 14,835 | 2010/8/27 | 2025/8/27 | No |
| SDIC Golmud Photovoltaic Power Generation Co., Ltd | 14,020 | 2010/8/27 | 2025/8/27 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 62,208 | 2013/12/6 | 2028/12/6 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 16,260 | 2011/4/8 | 2025/10/20 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 6,912 | 2013/12/6 | 2028/12/6 | No |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – continued

Significant transactions with government-related entities - continued

(iv) Related guarantee - continued

The Company acts as guarantor:

For the year ended 31 December 2020

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|--|---|-------------------------------|-----------------------------|----------------------------------|
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 5,900 | 2010/10/20 | 2025/10/20 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 5,600 | 2011/1/19 | 2025/10/20 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 55,150 | 2012/11/23 | 2030/11/23 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 39,300 | 2012/8/30 | 2030/8/30 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 24,300 | 2011/4/21 | 2025/8/19 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 16,190 | 2010/8/19 | 2025/8/19 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 6,460 | 2011/3/15 | 2025/8/19 | No |
| Toksun County Trina Solar Co., Ltd | 619,250 | 2019/7/20 | 2030/5/22 | No |
| Yunnan Metallurgical New Energy Co., Ltd | 480,000 | 2018/11/2 | 2030/11/26 | No |
| Inch Cape Offshore Limited | 44,452 | 2016/5/11 | 2064/10/10 | No |

The Company acts as guarantor:

For the year ended 31 December 2019

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|--|---|-------------------------------|-----------------------------|----------------------------------|
| SDIC Golmud Photovoltaic Power Generation Co., Ltd | 105,951.8 | 2010-8-27 | 2025-8-27 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 20,230.0 | 2010-8-19 | 2025-8-19 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 32,420.0 | 2011-4-21 | 2025-8-19 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 8,060.0 | 2011-3-15 | 2025-8-19 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 43,650.0 | 2012-8-30 | 2030-8-30 | No |
| SDIC Dunhuang Photovoltaic Power Generation Co., Ltd | 59,500.0 | 2012-11-23 | 2030-11-23 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 9,650.0 | 2010-10-20 | 2025-10-20 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 21,540.0 | 2011-4-8 | 2025-10-20 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 6,960.0 | 2011-1-19 | 2025-10-20 | No |
| SDIC Shizuishan Photovoltaic Power Generation Co., Ltd | 77,760.0 | 2013-12-6 | 2028-12-6 | No |
| Toksun County Trina Solar Co., Ltd | 676,250.0 | 2019-7-20 | 2030-5-22 | No |
| Inch Cape Offshore Limited | 45,750.5 | 2016-5-11 | 2064-10-10 | No |
| Yunnan Metallurgy New Energy Co., Ltd | 532,000.0 | 2018-11-2 | 2030-11-26 | No |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities - *continued*

(iv) Related guarantee - *continued*

The subsidiary of the Company acts as guarantor:

For the year ended 31 December 2020

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|---|-----------------------------------|-------------------------|-----------------------|----------------------------|
| Afton Wind Farm Limited | 624,534.7 | 2019/5/2 | 2034/5/1 | No |
| NEWSKY Energy (Thailand) Co., Ltd | 98,055.0 | 2017/3/8 | 2022/3/8 | No |
| C&G Environment Protection (Thailand) Company Limited | 84,782.7 | 2019/5/1 | 2021/3/1 | No |
| NEWSKY Energy (Bangkok) Co., Ltd | 62,751.9 | 2019/5/17 | 2022/5/6 | No |
| Cloud Snurran AB | 16,050.0 | 2020/12/20 | 2033/12/20 | No |

For the year ended 31 December 2019

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|--|-----------------------------------|-------------------------|-----------------------|----------------------------|
| Guizhou Newsky Environment & TECH Co., Ltd | 364,000.0 | 2017-6-5 | 2029-6-5 | No |
| ICOL | 23,446.5 | 2019-2-15 | 2020-12-31 | No |
| Afton (Project office) | 642,785.3 | 2019-5-2 | 2034-5-1 | No |
| NEWSKY Energy (Thailand) Co., Ltd | 174,589.1 | 2017-3-1 | 2022-3-1 | No |
| NEWSKY Energy (Bangkok) Co., Ltd | 143,508.8 | 2019-5-17 | 2020-5-6 | No |
| C&G Environment Protection (Thailand) | 167,044.6 | 2017-3-1 | 2022-3-1 | No |

The Company acts as guarantee:

| Guarantee | Amount of guarantee RMB ('000) | Start date of guarantee | End date of guarantee | If the guarantee completed |
|---|-----------------------------------|-------------------------|-----------------------|----------------------------|
| State Development & Investment Group Co., Ltd | 2,000,000.0 | 2012/5/4 | 2019/5/3 | Yes |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – continued

Significant transactions with government-related entities - continued

(v) Borrowings of related parties

| Related party | 2020 RMB ('000) | 2019 RMB ('000) |
|---|--------------------|--------------------|
| Long-term borrowings | | |
| State Development & Investment Group Co., Ltd | 4,559,920.0 | 3,649,875.0 |
| SDIC Finance Co., Ltd. | 3,568,690.2 | 2,434,584.3 |
| SDIC Finance Lease Co., Ltd. | 2,254,416.7 | - |
| SDIC Finance Lease (Hainan) Co., Ltd. | 196,966.7 | - |
| Rongshi International Holding Co., Ltd. | 3,004,878.1 | 6,002,590.8 |
| Rongshi International Fund Management Co., Ltd. | 2,115,597.4 | |
| China National Investment and Guaranty Corporation | 70,000.0 | 317,820.0 |
| Short-term borrowings | | |
| SDIC Finance Co., Ltd. | 1,618,500.0 | 1,859,900.0 |
| Rongshi International Holding Co., Ltd. | - | 233,344.3 |
| Interest expenses for related borrowings: | | |
| Related party | 2020 RMB ('000) | 2019 RMB ('000) |
| SDIC Finance Co., Ltd | 151,273.7 | 259,288.1 |
| State Development & Investment Group Co., Ltd | 89,816.8 | 97,378.6 |
| SDIC Finance Lease Co., Ltd | 73,092.2 | - |
| Rongshi International Holding Co., Ltd. | 18,154.6 | 32,683.5 |
| China National Investment and Guaranty Corporation | 11,591.4 | 11,855.4 |
| SDIC Finance Lease (Hainan) Co., Ltd. | 7,476.2 | - |
| Rongshi International Treasury Management Company Limited | 39,259.8 | - |
| China National Investment Consultation Co., Ltd | - | 248.7 |
| Interest income: | | |
| Related party | 2020 RMB ('000) | 2019 RMB ('000) |
| SDIC Finance Co., Ltd | 51,947.2 | 48,595.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities - *continued*

(vi) Assets transfer and debt restructuring of related parties

| Items | 2020 RMB ('000) | 2019 RMB ('000) |
|--------------------------------------|--------------------|--------------------|
| Salaries and other emoluments | 6,847.3 | 10,717.3 |
| Retirement benefits | 1,144.0 | 1,463.4 |
| Salaries of key management personnel | 7,991.3 | 12,180.7 |

(vii) Receivables from or payables to related parties

Receivables RMB ('000)

| Items | Related Party | 2020 | Bad debt | 2019 | Bad debt |
|-------------------------------|---|--------------|----------|--------------|----------|
| | | Book Balance | reserve | Book Balance | reserve |
| Monetary Funds | SDIC Finance Co., Ltd | 5,072,692.7 | - | - | - |
| Account receivables | Xiamen Haicang Thermal Energy Investment Co., Ltd | 2,766.5 | - | 1,976.3 | - |
| | SDIC Qinzhou Harbor Co., Ltd. | 1,398.6 | - | 266.0 | - |
| Advance payment | SDIC Meizhou Bay Port Co., Ltd | - | - | 3,551.1 | - |
| Other payables | Inch Cape Offshore Limited | 3,207.5 | 4.2 | - | - |
| | SDIC Finance Co., Ltd | - | - | 1,729.7 | - |
| Long-term account receivables | Lestari Listrik Pte. Ltd. | 327,301.8 | - | 376,376.5 | - |
| | SDIC Financial Leasing Co., Ltd | - | - | 120,161.7 | - |
| | Cloud Snurran AB | 424,299.8 | 555.4 | - | - |
| | Inch Cape Offshore Holdings Limited | 364,923.6 | 477.6 | - | - |
| | Beatrice Offshore Wind farm Limited | 560.9 | - | 100,341.8 | - |

Payables RMB ('000)

| Items | Related Party | 2020 | 2019 |
|--------------------|--|-----------|-----------|
| Account payables | SDIC Qinzhou Harbor Co., Ltd. | 39,156.9 | - |
| | Beijing CEEDI Engineering & Technology Co., Ltd. | - | 105.0 |
| | China Electronics Engineering Design Institute Co., Ltd. | - | 434.1 |
| | SDIC High-tech Investment Co., Ltd. | 772.7 | - |
| | SDIC Meizhou Bay Port Co., Ltd | 8770.5 | - |
| Long-term payables | SDIC Finance Lease Co., Ltd. | 225,740.1 | 297,554.4 |
| | SDIC Finance Lease (Hainan) Co., Ltd. | 451,685.5 | - |
| Other payables | SDIC High-tech Investment Co., Ltd. | 7,412.8 | 7,412.8 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

51. PARENT COMPANY AND RELATED PARTY TRANSACTIONS – *continued*

Significant transactions with government-related entities - *continued*

(vii) Receivables from or payables to related parties - *continued*

Payables RMB ('000) - *continued*

| Items | Related Party | 2020 | 2019 |
|---|---|-------------|-------------|
| Long-term borrowings- | | | |
| Interest payables | State Development & Investment Group Co., Ltd. | - | 191.1 |
| | China National Investment and Guaranty Corporation | 344.3 | 1,581.9 |
| | SDIC Finance Lease Co., Ltd. | 4,892.0 | |
| | SDIC Finance Co., Ltd. | 2,621.8 | 3,764.8 |
| | Rongshi International Treasury Management Co., Ltd. | 214.3 | |
| | Rongshi International Holding Co., Ltd. | - | 3,276.0 |
| Short-term borrowings- | | | |
| Interest payables | SDIC Finance Co., Ltd. | 1,160.6 | 1,195.9 |
| | Rongshi International Holding Co., Ltd. | - | 291.5 |
| Long-term borrowings | SDIC Finance Co., Ltd. | 2,197,778.3 | 3,251,624.1 |
| | State Development & Investment Group Co., Ltd. | 2,331,424.4 | 2,577,537.8 |
| | Rongshi International Holding Co., Ltd. | 1,875,405.3 | 3,778,690.5 |
| | SDIC Finance Lease Co., Ltd. | 1,406,166.7 | 1,370,000.0 |
| | Rongshi International Treasury Management Co., Ltd. | 2,115,597.4 | - |
| | China National Investment Consultation Co., Ltd. | 70,000.0 | 317,820.0 |
| Liabilities held for sale-long-term borrowings | State Development & Investment Group Co., Ltd. | - | 10,710.0 |
| | SDIC Finance Co., Ltd. | - | 228,500.0 |
| Non-current liabilities due within 1 year | State Development & Investment Group Co., Ltd. | 1,072,045.2 | 1,055,561.3 |
| | Rongshi International Holding Co., Ltd. | 1,137,915.1 | - |
| | SDIC Finance Lease Co., Ltd. | - | 858,916.9 |
| | SDIC Finance Co., Ltd. | 649,854.7 | 549,185 |
| Short-term borrowings | SDIC Finance Co., Ltd. | 1,618,637.7 | 1,332,420.7 |
| | Rongshi International Holding Co., Ltd. | - | 291.5 |
| Liabilities held for sale-short-term borrowings | SDIC Finance Lease Co., Ltd. | - | 155,000.0 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

52. CONTINGENT LIABILITIES

At the end ended 31 December 2020 and 2019, all guarantee responsibility has been fulfilled. There were no material contingent liabilities need to be disclosed.

53. COMMITMENTS

(a) Capital commitments

The Group had capital commitments at 31 December as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|---|------------------------|------------------------|
| Contracted but not provided for in the financial statements | | |
| - Property, plant and equipment | 10,686.8 | 19,959.9 |
| - Equity investment | 3,170.0 | 110.0 |
| | 13,856.8 | 20,069.9 |

(b) Operating lease commitments (The Group as lessor)

As at 31 December 2020, the Group had total future minimum lease receivables in respect of leased properties under non-cancellable leases as follows:

| | 2020 <i>RMB (m)</i> | 2019 <i>RMB (m)</i> |
|-----------------|------------------------|------------------------|
| Within one year | 14.2 | 15.7 |

The properties are expected to generate rental yield of approximately 2% (2019: 2%) per annum on an ongoing basis.

The Group leases its investment properties under operating lease arrangements which run for an initial period of twelve months (2019: twelve months).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

For the year ended 31 December 2020

54. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

| | Long-term loans RMB (m) | Long-term bonds RMB (m) | Long-term payables RMB (m) | Short-term loans RMB (m) | Short-term bonds RMB (m) | Current portion of long-term liabilities RMB (m) | Total RMB (m) |
|---|-------------------------------|-------------------------------|----------------------------------|--------------------------------|--------------------------------|--|------------------|
| At 1 January 2019 | 111,704.1 | 2,200.0 | 907.1 | 5,764.1 | 1,000.0 | 15,717.5 | 137,292.8 |
| Cash flows | | | | | | | |
| Inflows | 16,820.4 | 2,200.0 | 381.5 | 7,352.5 | 1,500.0 | - | 28,254.4 |
| Outflows | (5,172.0) | - | (41.4) | (6,431.5) | (1,000.0) | (15,717.5) | (28,362.4) |
| Non-cash flows | | | | | | | |
| Amounts recognised on business combinations | 637.3 | - | - | - | - | 56.5 | 693.8 |
| Held-for-sale liabilities | (2,647.9) | - | (140.9) | (1,401.3) | - | (392.3) | (4,582.4) |
| Effects of foreign exchange | (57.6) | - | (6.9) | - | - | - | (64.5) |
| Loans and borrowings classified as non- current at 31 December 2019 becoming current during 2020 | (11,404.8) | - | (207.8) | - | - | 11,612.6 | - |
| At 31 December 2019 and 1 January 2020 | 109,879.5 | 4,400.0 | 891.6 | 5,283.8 | 1,500.0 | 11,276.8 | 133,231.7 |
| Cash flows | | | | | | | |
| Inflows | 15,178.7 | 2,000.0 | 194.3 | 8,611.9 | 6,000.0 | - | 31,984.9 |
| Outflows | (9,993.4) | - | (1,701.5) | (6,669.6) | (5,000.0) | (11,276.8) | (34,641.3) |
| Non-cash flows | | | | | | | |
| Amounts recognised on business combinations | 1,853.0 | - | 1,885.5 | - | - | 372.9 | 4,111.4 |
| Effect of foreign exchange | - | - | (9.2) | - | - | - | (9.2) |
| Loans and borrowings classified as non- current at 31 December 2020 becoming current during 2021 | (13,703.0) | (1,200.0) | (239.5) | - | - | 15,142.5 | - |
| At 31 December 2020 | 103,214.8 | 5,200.0 | 1,021.2 | 7,226.1 | 2,500.0 | 15,515.4 | 134,677.5 |

SUPPLEMENTAL INFORMATION

DIFFERENCE ON ACCOUNTING FIGURES BY ADOPTING DOMESTIC AND FOREIGN ACCOUNTING PRINCIPLES

RECONCILIATION OF THE FINANCIAL STATEMENTS PREPARED UNDER PRC GAAP AND IFRSs

Effect of major differences between the PRC GAAP and IFRSs on net profit assets attributable to equity owners of the Company are analysed as follows:

| | Profit for the year attributable to owners of the Company | | Equity attributable to owners of the Company | |
|--|---|---------|--|----------|
| | 2020 | 2019 | 2020 | 2019 |
| | RMB (m) | RMB (m) | RMB (m) | RMB (m) |
| Amounts under PRC GAAP | 5,515.6 | 4,755.5 | 47,226.7 | 40,382.5 |
| Adjustment: | | | | |
| The transfer of water supply, power supply, heating and property to government without consideration | - | (26.8) | - | - |
| Effect of IFRS 16 | (1.8) | (2.2) | (4.0) | (2.2) |
| Amounts under IFRSs | 5,513.8 | 4,726.5 | 47,222.7 | 40,380.3 |

Under PRC GAAP, the transfer of water supply, power supply, heating and property to government without consideration is offset with the retained earnings.

Under IFRS, the transfer of water supply, power supply, heating and property to government without consideration go through profit or loss for the year.

IFRS 16 – Leases is effective for accounting periods beginning on or after 1 January 2019 and the Group has early adopted it from 1 January 2017. The equivalent standard under PRC GAAP is effective for accounting periods beginning on or after 1 January 2021.