中國廣核新能源控股有限公司
CGN New Energy Holdings Co., Ltd.

(Incorporated in Bermuda with limited liability)
Stock Code : 1811.HK

Annual Report 2020

Natural Energy Powering Nature

Contents

Corporate Information

REGISTERED OFFICE

Victoria Place
31 Victoria Street
Hamilton HM10
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1811

COMPANY'S WEBSITE

www.cgnne.com

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. Chen Sui

Executive Directors

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Corporate Information

Non-executive Directors

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping (resigned on 24 March 2021)
Mr. Xia Linquan (appointed on 24 March 2021)

Independent Non-executive Directors

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Members of the Audit Committee

Mr. Leung Chi Ching Frederick *(Chairman)*
Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping (appointed on 22 January 2020, and resigned on 24 March 2021)
Mr. Xia Linquan (appointed on 24 March 2021)
Mr. Yang Xiaosheng

Members of the Remuneration Committee

Mr. Wang Minhao *(Chairman)*
Mr. Xing Ping (resigned on 24 March 2021)
Mr. Xia Linquan (appointed on 24 March 2021)
Mr. Yang Xiaosheng

Corporate Information

Members of the Nomination Committee

Mr. Chen Sui *(Chairman)*
Mr. Wang Minhao
Mr. Yang Xiaosheng

Members of the Investment and Risk Management Committee

Mr. Yao Wei *(Chairman)* (resigned on 22 January 2020)
Mr. Xing Ping *(Chairman)* (appointed on 22 January 2020, and resigned on 24 March 2021)
Mr. Xia Linquan *(Chairman)* (appointed on 24 March 2021)
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick (appointed on 22 January 2020)

Company Secretary

Mr. Lee Kin

Authorized Representatives

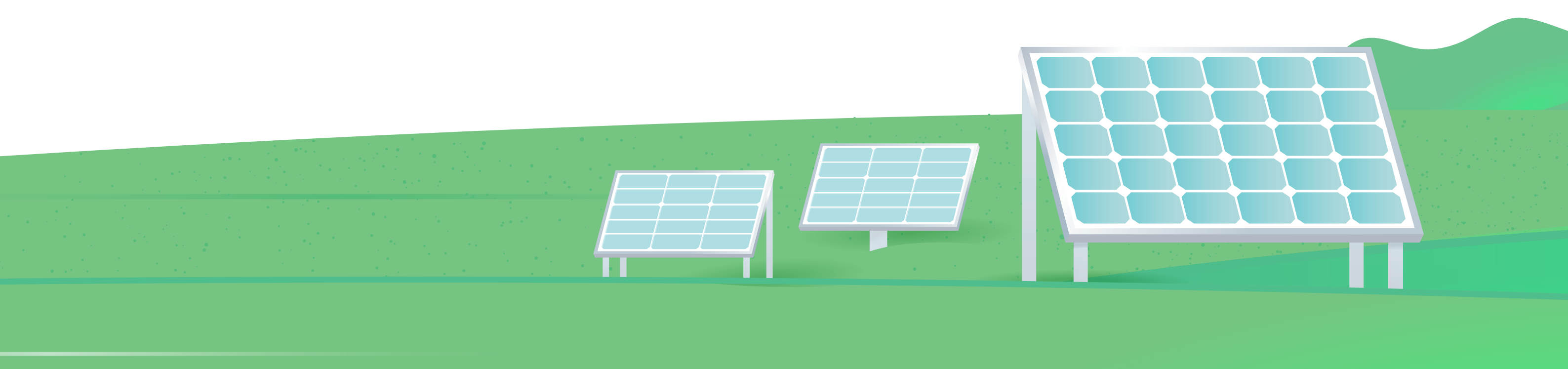
Mr. Li Yilun (with Mr. Wong Chun Cheong as his alternate)
Mr. Lee Kin

Hong Kong Legal Adviser

Eversheds Sutherland
37/F, One Taikoo Place
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong



Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor
North Cedar House
41 Cedar Avenue
Hamiton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Center
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
34/F, ICBC Tower
3 Garden Road
Hong Kong

Bank of China (Hong Kong) Limited
9/F, Bank of China Tower
1 Garden Road
Hong Kong

China Development Bank Corporation, Hong Kong Branch
Suites 3307-3315
33/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
13/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Major Events in 2020

Mar

Announced the annual results for 2019

Jun

Convened the 2020 annual general meeting

Jul

Received the Certificate of Scientific and Technological Achievements Evaluation in respect of the scientific research results of the "Research on the Application and Practice of Ubiquitous Internet of Things Technology in Wide-area Distributed Project Management"

Aug

Announced the interim results for 2020

Major Events in 2020

Sep

Received 3 Outstanding Quality Management Achievement Awards for China's power industry from China Association for Water and Electricity Quality Management

Oct

Awarded with the "InnoESG Prize" 2020 in Hong Kong

Nov

The third Annual Forum for Leaders of Renewable Energy Enterprise, organized by the Chinese Wind Energy Association of the China Renewable Energy Society and undertaken by the Company, was held in Beijing

Major Events in 2020

Nov

Participated in the 2020 National Annual Conference for Large Wind Energy Equipment Industry cum Wind Power Industry Development Forum and delivered a keynote speech titled “Collaboration and Win-win — Joining Hands to Create a New Pattern of Synergic Development for the Wind Power Industry under the Vision of Carbon Neutrality”

Nov

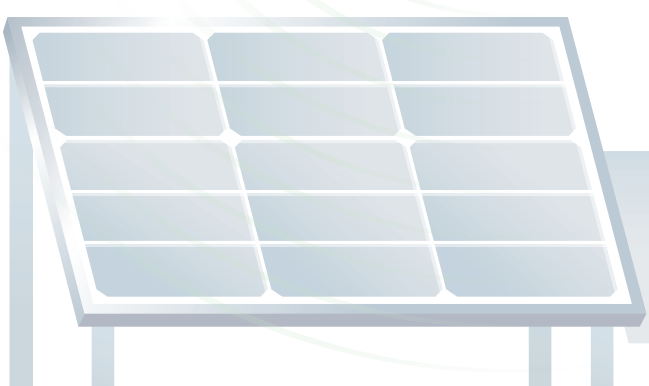
Two scientific and technological achievements, namely “Research and Application of Technology for Analysis of Harmonic Source Positioning in New Energy Stations” and “Research and Application in Enhancement of Design of Grounding Network of Fishing-Photovoltaic Power Complementary Photovoltaic Station”, won “Third Prize in 2020 Scientific and Technological Advancement Award for Power Development” awarded by China Electric Power Construction Association

Dec

Participated in the 2020 China Offshore Wind Engineering and Technology Conference and took part in a forum session with peers in industry chain under the theme of “Sharing Innovated Engineering Technologies and Discussing the Ways to Achieve Grid-Parity”

Dec

Participated in the 5th China Offshore Wind Power Conference organized by China Electrical Equipment Industrial Association, in which we delivered an opening speech and participated in dialogue with peers in the industrial chain



Major Events in 2020

Dec

Participated in the 2020 China Photovoltaic Industry Annual Conference and took part in the guest dialogue

Dec

Convened the 2020 special general meeting

Dec

Launched a smart offshore wind power operation platform

Dec

Established the first suite of electric power marketing information platform for new energy in the PRC

Dec

Received 2 awards in relation to "Second Prize for Achievements in Activities of the Electricity Development Quality Management Group in 2020" from the China Electric Power Construction Association

Chairman's Statement

Chen Sui

Chairman

Continuing our adherence to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", we are committed to the strategic approach of vigorous development of new energy with unwavering determination to continuously maintain high-quality development.

Chairman's Statement

Dear Honourable Shareholders,

In the year of 2020, while the world was experiencing the complexities brought by the COVID-19 outbreak and economic downturn, the renewable energy industry in China proactively followed through the decisions and deployment made by the Central Committee of the Chinese Communist Party. Centering on "stability on the six fronts" and "security in the six areas", the renewable energy industry achieved excellent results in epidemic prevention and control as well as resumption of work and production, and the new energy sectors of wind power and photovoltaic power registered steady growth, demonstrating the remarkable tenacity of the domestic renewable energy industry in striving for development. All staff of the Company kept pace with high-quality development and contributed their efforts towards the development goals of the country.

Given the notion of "doing a good job in working towards carbon peak and carbon neutrality" as suggested at the 2020 Central Economic Work Conference and the target of achieving a total installed capacity of 1,200 GW for wind and solar power by 2030, fossil fuel energy such as coal would be adjusted to allow for profound flexibility while the new energy of wind power and photovoltaic power would become the main sources of energy. Against the backdrop of extensive carbon reduction, there would be enormous potential in the new energy of wind power and photovoltaic power, and the "quantity" thereof (installed capacity and electricity generation) would increase further.

BUSINESS DEVELOPMENT AND OPERATING RESULTS

Continuing its adherence to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", the Company was committed to the strategic approach of vigorous development of new energy with unwavering determination. In 2020, profit attributable to shareholders amounted to approximately US$162.1 million, representing an increase of 45.8% compared with last year; basic earnings per share of the Company reached approximately US$3.78 cents (equivalent to HK$29.46 cents per share). As at 31 December 2020, the attributable installed capacity of the Company's power plants reached 7,550.6 MW, representing a year-on-year increase of 1,264.6 MW or 20.1%.

We fought for each unit of electricity with our real efforts. With control of equipment quality as the goal and technological advancement as the proven results, the Company continued to carry out works such as improvement in standardization of safe production and equipment management, in order to maintain high-end and stable equipment and enhance lean operation of the Company's existing assets. In 2020, the Company generated 13,825.2 GWh of electricity, representing an increase of 2.1% compared with 13,541.0 GWh last year.

We leveraged scientific and technological innovation to drive high-quality development. The Company has established the first suite of electric power marketing information system for new energy in the PRC, which preliminarily enabled connection of data from the entire business process covering power output prediction, generation and sale, and realized diversified transaction strategies, ensuring the Company's leading spot trading ability in the region. The Company has launched a smart offshore wind power operation platform to enable full-scenario safety protection, construction and operation management, and analysis of operation and maintenance strategies for offshore projects. The successful launch of the system marked a milestone step forward of the Company in the development of safety emergency management and operation and maintenance capability in respect of offshore wind power projects.

FUTURE PROSPECTS

The goals of "carbon peak" and "carbon neutrality" guided China into a new era of wind power and photovoltaic power under the "14th Five-Year Plan". The Company will continue to step up its investment in new energy, accelerate the expansion of its business presence and maintain rapid development momentum, in order to accurately capture the development opportunities during the government's pursuit of the "carbon neutrality" goal and make positive contributions to the Company's high-quality development.

Chen Sui
Chairman

24 March 2021

President's Statement

Li Yilun

President

Thoroughly following the relevant national policies, we will promote the development of new energy business, foster and enhance the core competitiveness of the Company, and strive to make greater contributions to the realization of China's carbon commitment.

President's Statement

Dear Honourable Shareholders,

In the year of 2020, under the leadership of the Board of the Company and with the concerted efforts of all staff, the Company came up with solutions to proactively mitigate the impacts of the COVID-19 outbreak. We followed in lockstep with the government's new energy policies on wind power and photovoltaic power, actively adapted to the economic conditions, strengthened self-initiated scientific and technological innovation, and accelerated project construction with guaranteed quality and quantity in order to promote the high-quality development of the Company by always adhering to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence".

INDUSTRY LANDSCAPE

2020 marked the closing of the 13th Five-Year Plan and was a key year for laying a solid foundation for the 14th Five-Year Plan. The government proposed to work hard on "stability on the six fronts" and "security in the six areas" and made the goals of carbon peak by 2030 and carbon neutrality by 2060, which set higher requirements on cost reduction and efficiency enhancement of various energy projects. The adjustment in subsidy policies for wind power and photovoltaic power projects also facilitated the marketization of electric power transactions.

BUSINESS DEVELOPMENT AND OPERATION MANAGEMENT

In 2020, despite the challenges posed by the COVID-19 outbreak, the Company maintained steady growth by continuously reinforcing its core competitiveness and proactively capitalizing on its advantages in project construction. Risks were controllable and well under control in all aspects. We recorded 1,077.3 MW new attributable installed capacity of wind power and 214.3 MW new attributable installed capacity of photovoltaic power during the year. It is expected that the growth of new operating capacity in 2021 will remain stable.

In the new development stage and development landscape, the Company made additional efforts to keep track of the changes in policies of relevant national and provincial departments and energy regulators and agencies, promptly interpreted key policies and studied the industrial landscape. During the 14th Five-Year Plan period, the Company will seize and leverage the opportunity to accelerate reservation of wind power and photovoltaic power project resources and proactively tap into and develop new energy business.

With the mission of "developing clean energy and building a beautiful China", the Company has taken green practices and environmental protection as its essential development approaches. In 2020, the Company received the 2020 Hong Kong "InnoESG Prize", which demonstrated that the positive contributions made by the Company in the areas of "environmental, social and corporate governance" (ESG) were acknowledged and recognized by the market. The Company was the only power enterprise winning such award in two consecutive years. The Company will continue to promote high-quality development, penetrate into the clean energy market, and provide the society with safe, environmentally friendly and economical clean energy.

FUTURE PROSPECTS

As the government strongly supports the development of new energy business, there is a promising prospect for new energy development in the future. Thoroughly following the relevant national policies and adhering to the development principle of "clear waters and green mountains are as good as mountains of gold and silver", the Company will promote the development of new energy business, foster and enhance the core competitiveness of the Company, and strive to make greater contributions to the realization of China's carbon commitment.

Li Yilun
President

24 March 2021

Distribution of Projects

Wind | Solar | Gas-fired | Cogen | Coal-fired | Oil-fired | Hydro

Henan, China

Total Installed Capacity

546.6 MW

5.7 MW

250 MW

Gansu, China

Total Installed Capacity

843 MW

87 MW

Qinghai, China

Total Installed Capacity

50 MW

160 MW

Sichuan, China

Total Installed Capacity

51 MW

Hunan, China

Total Installed Capacity

140 MW

14.5 MW

Guizhou, China

Total Installed Capacity

140 MW

Guangxi, China

Total Installed Capacity

135.9 MW

144 MW

Jiangxi, China

Total Installed Capacity

125 MW

Inner Mongolia, China

Total Installed Capacity

193 MW

Shaanxi, China

Total Installed Capacity

0.7 MW

Distribution of Projects

Wind | Solar | Gas-fired | Cogen | Coal-fired | Oil-fired | Hydro

Region	Type	Total Installed Capacity
Guangdong, China	Solar	16.4 MW
Hainan, China	Solar	24.3 MW
Shanxi, China	Wind	199 MW
Hebei, China	Wind	89.6 MW
Shandong, China	Wind	437.6 MW
	Solar	35 MW
Jiangsu, China	Wind	246.5 MW
	Solar	31 MW
	Cogen	63 MW
Shanghai, China	Solar	4.5 MW
Anhui, China	Wind	31 MW
	Solar	294.6 MW
Zhejiang, China	Wind	173 MW
	Solar	10.6 MW
Hubei, China	Wind	24 MW
	Solar	100 MW
	Gas-fired	176.5 MW
	Coal-fired	2,020 MW
Fujian, China	Solar	8.9 MW
Korea	Oil-fired	507 MW
	Gas-fired	1,549.1 MW

Financial and Operating Highlights

EBITDA[1]
(US$ million)

494

Increased by 24% as compared with 2019

REVENUE
(US$ million)

1,150

Decreased by 10% as compared with 2019

NET PROFIT ATTRIBUTABLE TO OWNER OF THE COMPANY
(US$ million)

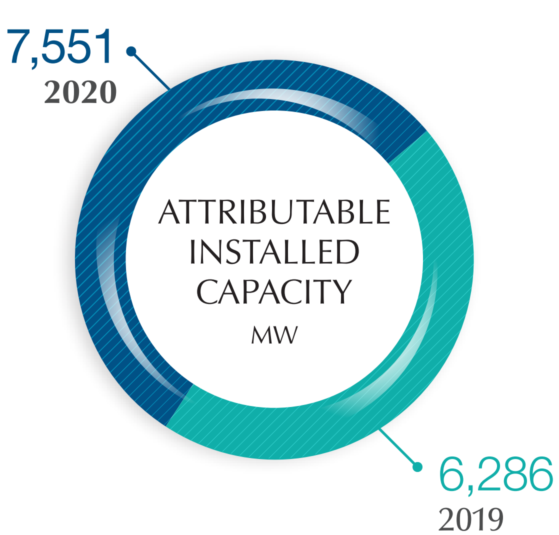
162

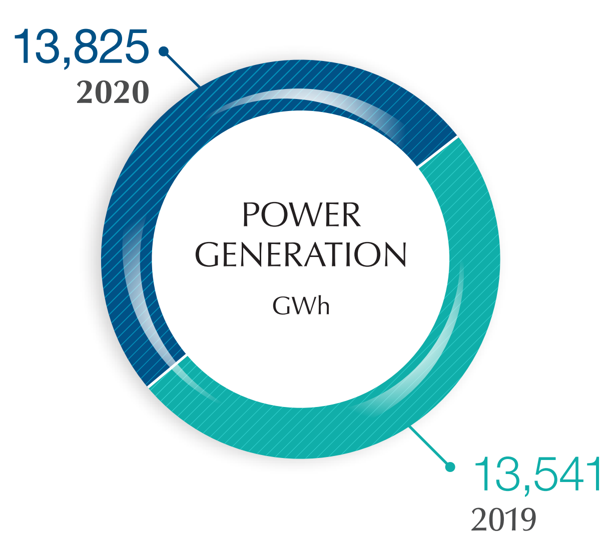
Increased by 46% as compared with 2019

EPS
US cents per share

3.78

Increased by 46% as compared with 2019





Note:
1. EBITDA is calculated by adding depreciation and amortization to the operating profit.

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

In 2020, an overall balance between electricity supply and demand was achieved in China. According to the data published by the NEA, the installed capacity of the PRC amounted to 2,200.6 GW throughout the year, representing a year-on-year increase of 9.5%, while electricity consumption amounted to 7,511.0 TWh, representing a year-on-year increase of 3.1%.

The accumulated grid-connected wind power capacity for 2020 reached 281.5 GW, with a year-on-year increase of 34.6%, while the annual accumulated on-grid wind power generation amounted to 466.5 TWh, representing a year-on-year growth of 15.1%. In 2020, the accumulated grid-connected solar power capacity recorded 253.4 GW, with a year-on-year increase of 24.1%. The annual accumulated on-grid solar power generation amounted to 261.1 TWh, representing a year-on-year growth of 16.6%.

The period for the 14th Five-Year Plan is seen as a critical period for the promotion of transformation of energy use and green development. In addition, China continues to develop renewable energy into the main source of additional power generation during the period for the 14th Five-Year Plan, such that a solid foundation for achieving the strategic goal that non-fossil fuel energy will account for 25% of power consumption in 2030 can be laid. The industries of both wind power industry and photovoltaic power industry in China have shifted from quantity-oriented development to a high quality-oriented one. The main goals set for both wind power industry and photovoltaic power industry for the period of the 14th Five-Year Plan is to achieve full grid-parity for both power sources.

Policies related to green certificate and quota systems:

The NDRC and NEA jointly published "Notice Regarding the Issuance of Weight of Responsible Consumption of Renewable Energy in Each Provincial Administrative Region in 2020" (《關於印發各省級行政區域2020年可再生能源電力消納責任權重的通知》) in May 2020, or the "Quota System" (配額制). Provinces that are expected to have more room for growth in power consumption will see more installed capacity of wind power and photovoltaic power, expanded existing power generation capacity, or the more transacted amount of green certificates.

In November 2020, the PRC Ministry of Ecology and Environment issued the "Implementation Plan for Setting and Allocation of Total Amount of Quota Available for Trading of National Carbon Emission Permit in 2019-2020 (Power Generation Industry)" (Consultation Paper) (《2019-2020年全國碳排放權交易配額總量設定與分配實施方案(發電行業)》(徵求意見稿)), principally relating to the incorporation of a list of key emission units, the category of generating sets, the total amount of quotas, and the method for allocating quota, etc. into the quota management. Enterprises with emissions of 26,000 tons of carbon dioxide equivalent and more in any year from 2013 to 2018 would be included, after screening, in the list of quota management for period 2019-2020. Generating units which are subject to quota management include pure condensing units and cogeneration units. The above measures are also applicable to corporate self-owned power plants.

Policies in respect of subsidies on non-hydro renewable energy and reasonable number of hours:

The Ministry of Finance, the NDRC, and the NEA jointly published "Supplemental Notice to Matters in Respect of Several Opinions on Promoting the Healthy Development of the Power Generation of Non-hydro Renewable Energy" (關於《關於促進非水可再生能源發電健康發展的若干意見》有關事項的補充通知) in September 2020, which further clarified the term "number of reasonable hours". For any power generated within the limit of number of reasonable hours, subsidies can be received in full. Any power generated in excess of the eligible total lifetime subsidy is no longer entitled to central government subsidy, and in which case green certificates would be issued and trading of green certificates is allowed. Subsequent to the expiry of 20 years from the date on which any wind power project or photovoltaic power project is connected to the grid, or the expiry of 15 years from the date on which any biomass power generation project is connected to the grid, regardless of whether the project has achieved its total lifetime power generation eligible for subsidies, the project would no longer be financed by central government and instead, green certificates would be issued and trading of green certificates is allowed.

Management Discussion and Analysis

Two Integrations-related policies:

In August 2020, the NDRC and NEA issued the "Guidance on the Integration of Wind Power, Photovoltaic Power, Hydro Power, Thermal Power with Power Storage and Integration of Power Sources, Grid, Load and Storage" (Consultation Paper) (《關於開展「風光水火儲一體化」、「源網荷儲一體化」的指導意見(徵求意見稿)》), or the two "Integrations", which suggests to explore the ways for implementing the two "Intergrations" for access to better clean energy. By now, more than 10 provinces, mainly in Northwest and Central China, have introduced policies to encourage "wind power + storage" (風+儲), "photovoltaic power + storage" (光+儲). With the increase in the proportion of new energy in power generation, the pressure on consuming new energy and enhancing operation of its power dispatch has increased dramatically as wind power and photovoltaic power are difficult to predict, control and dispatch due to their characteristics. In order to cope with the challenges brought by access to new energy, China has introduced various policies and standards which set higher requirements for the grid-friendliness of new energy. "New energy + Power storage" will become an important form of power use and important infrastructure.

Policies related to transmission price of regional and provincial power grids:

In September 2020, the NDRC issued the "Notice on the Approval of Transmission Prices for Regional Power Grids in 2020-2022" (《關於核定2020-2022年區域電網輸電價格的通知》), by which the structure of transmission price were further enhanced and the transmission prices were further reduced, which are conducive to promotion of the consumption of clean energy and optimization of the allocation of power resources on a larger scale. The regional grid power tariff is charged commensurate with the power actually settled in regional grid transactions, and the capacity tariff is charged commensurate with the power (including power traded in market) sales in each provincial grid terminal, whereas no extra capacity tariff of regional grid would be charged to the users in the market. In September 2020, the NDRC issued the "Notice on the Approval of Transmission and Distribution Prices for Provincial Power Grids in 2020-2022" (《關於核定2020-2022年省級電網輸配電價的通知》) which mentioned, for the first time, that the transmission and distribution prices were approved to be charged in accordance with voltage level, and the price charged for "grid-to-grid" outbound transmission would be included in provincial grid tariff calculation. Except for a few places such as Beijing, Southern Hebei, Northern Hebei, and Eastern Inner Mongolia, where the provincial transmission and distribution prices were raised, other places would see different degrees of reduction in provincial transmission and distribution prices.

The 14th Five-Year Plan issued by Central Committee of the Communist Party of China:

In October 2020, the fifth plenary session of the 19th Central Committee of the Communist Party of China considered and approved the "Recommendations of Central Committee of the Communist Party of China on the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035" (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和2035年遠景目標的建議》), the full text of which consists of 15 parts and 60 articles. Highlighted areas in respect of the planning of new energy include the followings: consideration of new energy as a strategic emerging industry, promotion of energy revolution, establishment of smart energy systems, enhancement of power generation and layout of transmission channels, optimization of consumption and storage capacity of new energy as well as strengthening of the capacity of power transmission and distribution to remote areas. The plan also proposes to expedite the effort in green and low-carbon development, facilitate the use of energy that are clean, low-carbon and safe and efficient for the purpose of reducing carbon emissions intensity, while enabling places that are feasible to achieve suggested goals to peak their carbon emissions first and to develop action plans for peaking carbon emissions by 2030.

Management Discussion and Analysis

Policies in respect of admission to the list of subsidized projects:

For the purpose of facilitating the review on list of subsidized projects, the Ministry of Finance issued the "Notice on Accelerating the Review on the List of Subsidized Renewable Energy Power Generation Projects" (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) in November 2020, all compliant projects with specified construction targets can be offered confirmed rights (確權) by applying to admit into list of subsidized projects. The notice also clearly states that "all projects that were approved (filed) in compliance with relevant provisions and were connected to the grid in full capacity in and subsequent to 2006 are qualified in applying for admission into the list of subsidized projects" and "the tariff of any project is based on the full capacity grid connection time and in accordance with requirements of the national tariff policies". Since then, all the existing compliant projects would be entitled to confirmed rights to receive subsidies, and in turn the shortfall in aggregate amount of subsidies required in renewable energy projects can be filled, providing a basis for further resolving the problems of defaulted subsidies.

Policies related to offshore wind power:

In January 2020, the Ministry of Finance, the NDRC and the NEA jointly issued "Several Opinions on Promoting the Healthy Development of the Power Generation of Non-hydro Renewable Energy" (《關於促進非水可再生能源發電健康發展的若干意見》), which specifies that additional offshore wind power projects are no longer entitled to any subsidies financed by central government, effective from 2020; existing offshore wind power projects that are approved (filed) in compliance with relevant provisions and are connected to the grid in full capacity before 31 December 2021 can enjoy subsidies based on corresponding tariff policies. In March 2020, the NEA issued the "Measures for the Construction of Wind Power Projects in 2020" (《2020年風電項目建設方案》), which clearly states that strategic deployment and approval of offshore wind power projects for 2020 in provinces where the grid-connected capacity and the scale of construction had exceeded the planning goals were suspended in 2020. In September 2020, the Ministry of Finance, the NDRC and the NEA jointly published the "Supplemental Notice to Matters in Respect of Several Opinions on Promoting the Healthy Development of the Power Generation of Non-hydro Renewable Energy" (關於《關於促進非水可再生能源發電健康發展的若干意見》有關事項的補充通知) in which the reasonable number of utilization hours for the lifetime of various projects were set, among which, the number for offshore wind power projects is set at 52,000 hours. In September 2020, six departments, namely the Guangdong Development and Reform Commission, the Energy Bureau of Guangdong Province, the Guangdong Science and Technology Department, the Department of Industry and Information Technology of Guangdong Province, the Department of Natural Resources of Guangdong Province, and the Department of Ecology and Environment of Guangdong Province jointly issued the "Guangdong's Action Plan for Cultivation of Clusters of Strategic Emerging New Energy Industry (2021-2025)" (《廣東省培育新能源戰略性新興產業集群行動計劃(2021-2025年)》), which proposes to step up effort in promoting the development of offshore wind power.

In December 2020, the Energy Bureau of Guangdong Province issued a document named "Circular on seeking for 'Guiding Opinions on Promoting the Orderly Development of Offshore Wind Power and the Sustainable Development of Related Industries in Guangdong Province (Consultation Paper)'" (關於徵求《關於促進我省海上風電有序開發和相關產業可持續發展的指導意見(徵求意見稿)》的函), which, for the first time, the scope, scale, standards, principles and funding sources of provincial subsidies for offshore wind projects applicable to the industry are clarified. This circular was marked the first subsidies for offshore wind power ever granted by local authority in PRC, which is conducive to the sustainable development of offshore wind power in Guangdong Province.

Management Discussion and Analysis

Policies related to carbon neutrality:

In response to climate change, the structure of global energy is undergoing a profound shift from high-carbon and less efficient power sources to a low-carbon and more efficient one. The Report of the 19th National Congress of the Communist Party of China proposed China should step up efforts to speed up its establishment of a sound economic structure that facilitates green, low-carbon, and circular development, spur the development of clean energy industries and promote a revolution in energy production and consumption for the purpose of building up an energy sector that is clean, low-carbon, safe, and efficient. The promotion of revolution in energy production and consumption is expected to be China's long-term strategies in the future while the development of green energy is also necessary in the establishment of an energy sector that is clean, low-carbon, safe, and efficient.

President Xi Jinping made announcement at the General Debate of the 75th Session of The United Nations General Assembly in September 2020 that China aims to have carbon dioxide emissions peaked before 2030 and achieve carbon neutrality before 2060. These two carbon-related commitments suggest that it is inevitable for an electricity system to have a high proportion of electricity generated from renewable energy. The position of new energy, i.e. wind power and photovoltaic power, as the main source of electricity generation is further consolidated. Against the backdrops that the energy structure on global scale is experiencing critical changes, the commitment China has made for "carbon neutrality" also reveals its long-term policy direction of transforming into a low-carbon country.

President Xi Jinping delivered an important speech at the Climate Ambition Summit titled "Building on Past Achievements and Launching a New Journey for Global Climate Actions" in December 2020 in which he announced that, all by 2030, China will cut its carbon dioxide emissions per unit of GDP by over 65% from the 2005 level, increase the share of non-fossil fuels in primary energy consumption to around 25%, increase the forest stock volume by 6 billion cubic meters from the 2005 level, and bring its total installed capacity of wind power and solar power to over 1,200 GW. As substantial reduction of carbon emission becomes especially highlighted, new power sources such as wind power and photovoltaic power are considered to have great potential, and their installed capacity are expected to be further increased. Looking ahead to the period for 14th Five-Year Plan, apart from more market demand and diversified use scenarios for new energy, there will be more innovation in business models, and new energy industry will see a full-swing market expansion. We believe a wave of new energy development has already started and it is far from the end.

In addition, as the Korean power market is undergoing a transformation of energy structure, it is expected that there would be an increase in the use of renewable energy and more natural gas power plants in the future. As the operation of new power plants would intensify the competition in the power market, the profitability of Korean gas-fired power generation companies was hindered.

Management Discussion and Analysis

II. BUSINESS REVIEW

The Group's portfolio of assets comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell projects, which are operating in the PRC and Korea power markets. Our business in the PRC covers 18 provinces, two autonomous regions and a municipality with wide geographical coverage and diversified business scope. As of 31 December 2020, the operations in the PRC and Korea accounted for approximately 72.8% and 27.2% of our attributable installed capacity of 7,550.6 MW, respectively. Clean and renewable energy projects (namely, wind, solar, gas-fired, hydro and fuel cell projects) accounted for 77.4% of our attributable installed capacity; and conventional energy projects (namely, coal-fired, oil-fired and cogen projects) accounted for 22.6% of our attributable installed capacity.

The following table sets out items selected by us from the results of the Group (by fuel type):

US$ million	**Korea Gas-fired and Oil-fired projects**	**PRC Coal-fired, Cogen and Gas-fired projects**	**PRC Hydro projects**	**PRC Wind projects**	**PRC Solar projects**	**Corporate**	**Total**
For the year ended 31 December 2020							
Revenue	**596.3**	**121.4**	**30.9**	**257.6**	**113.1**	**30.6**	**1,149.9**
Operating expenses	**(534.3)**	**(106.0)**	**(17.5)**	**(114.9)**	**(47.0)**	**(42.7)**	**(862.4)**
Operating profit	**62.0**	**15.4**	**13.4**	**142.7**	**66.1**	**(12.1)**	**287.5**
Profit for the year	**33.0**	**68.0**	**11.7**	**90.0**	**34.2**	**(69.3)**	**167.6**
Profit attributable to the equity shareholders of the Company	**33.0**	**66.2**	**11.0**	**87.0**	**34.2**	**(69.3)**	**162.1**

US$ million	Korea Gas-fired and Oil-fired projects	PRC Coal-fired, Cogen and Gas-fired projects	PRC Hydro projects	PRC Wind projects	PRC Solar projects	Corporate	Total
For the year ended 31 December 2019							
Revenue	752.2	208.7	33.5	171.3	81.1	29.5	1,276.3
Operating expenses	(674.7)	(179.9)	(22.5)	(78.0)	(40.9)	(48.7)	(1,044.7)
Operating profits	77.5	28.8	11.0	93.3	40.2	(19.2)	231.6
Profit for the year	37.8	30.1	9.6	61.2	24.1	(63.4)	99.4
Profit attributable to the equity shareholders of the Company	37.8	43.4	9.0	60.3	24.1	(63.4)	111.2

Korea Gas-fired and Oil-fired Projects

The utilization hours of our Korea gas-fired plants decreased from 4,524 hours to 4,320 hours in 2020, mainly due to the increased reserve margin and decreased electricity demand in Korea.

Net profit decreased from US$37.8 million to US$33.0 million, which was mainly attributable to the lower electricity generation and decreased margins from power production in 2020.

Management Discussion and Analysis

PRC Coal-fired, Cogen and Gas-fired Projects

The decrease in operating profit from US$28.8 million to US$15.4 million was mainly due to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 as a result of the continued drought and restricted access to local water supply. The substantial increase in profit for the year from US$30.1 million to US$68.0 million was mainly attributable to the one-off gain on the disposal of Shanghai Meiya Jinqiao Energy Co., Ltd. (上海美亞金橋能源有限公司) (the "**Jinqiao JV**"), which amounted to US$18.1 million.

PRC Wind Projects

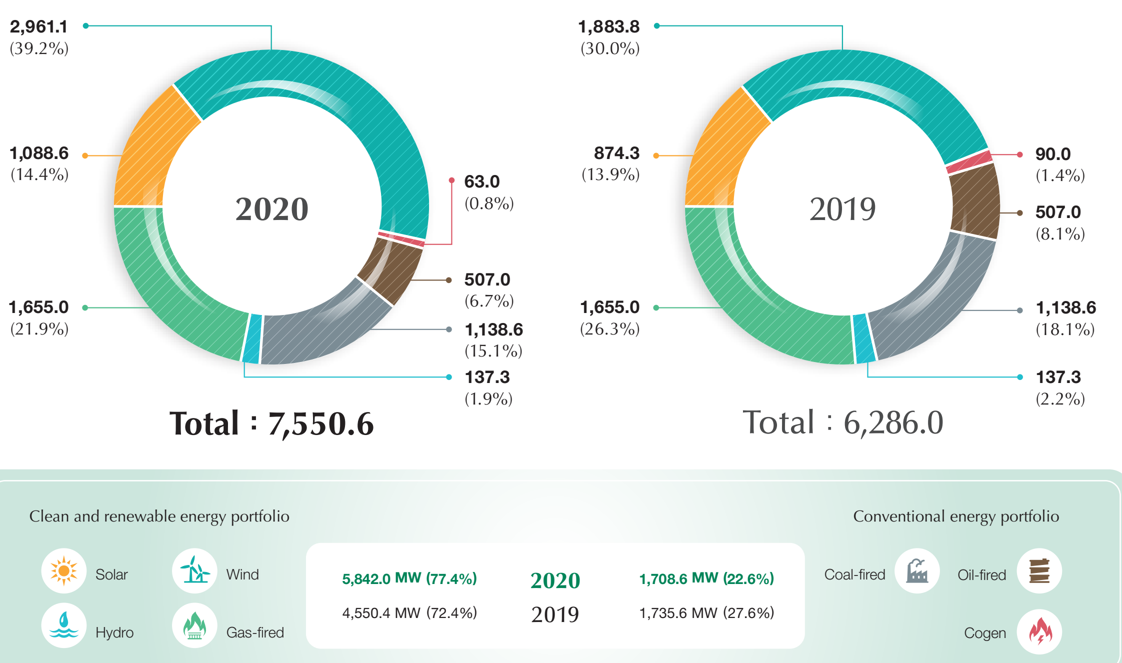
In 2020, the Group's newly commissioned attributable installed capacity of wind projects amounted to 1,077.3 MW. The increase in revenue was mainly attributable to (1) contribution from newly commissioned wind projects; (2) better wind resources and lower grid curtailment which led to the increase in average utilization hours from 1,977 hours to 2,009 hours as well as the increase in generation of gross electricity. Overall, the operating profit soared to US$142.7 million.

PRC Solar Projects

The Group's newly commissioned attributable installed capacity of solar projects amounted to 214.3 MW in 2020. The increase in revenue was mainly attributable to contribution from newly commissioned solar projects. The substantial impact of the newly commissioned solar project has also driven the operating profit to soar to US$66.1 million in 2020, representing an increase of US$25.9 million as compared with US$40.2 million in 2019.

Installed Capacity

The attributable installed capacity of the Group's power assets as of 31 December 2020 and 2019 by fuel type are set out as follows:



Management Discussion and Analysis

As at 31 December 2020, the attributable installed capacity of the Group reached 7,550.6 MW, representing an increase of 1,264.6 MW or 20.1% from last year, among which, attributable installed capacity of wind power was 2,961.1 MW, representing a year-on-year increase of 1,077.3 MW or 57.2% (the new projects were mainly located in Henan Province, Hunan Province, Jiangxi Province, Jiangsu Province, Guangxi Autonomous Region, etc.), while that of solar power amounted to 1,088.6 MW with a year-on-year increase of 214.3 MW or 24.5% (the new projects were mainly located in Guizhou Province, Hubei Province, etc.). As at 31 December 2020, the consolidated installed capacity of the Group's power plants reached 6,908.0 MW.

In 2020, the attributable installed capacity of the cogen projects of the Group decreased by 27.0 MW, which was due to the disposal of the Haian cogen power plants in Jiangsu Province. Furthermore, as Jinqiao Development Zone, Shanghai Municipality is accelerating the implementation of the new strategy of "secondary development and leaping development", there will be fewer production enterprises in the area. The Group timely disposed of the Jinqiao Steam Project in Shanghai Municipality with a total capacity of 240 tons/hour in 2020.

The Company has been adhering to the principle of high-quality development and expedited project development. It is expected that the growth of new operating capacity in 2021 will remain steady.

Safety Management

Safety is our top priority. Adhering to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence" during the development process, the Company continued to enhance safety management and profoundly cultivate a safety culture. In 2020, the safe production trend was generally under control and each unit dedicated extra efforts in the fostering of safety-oriented culture to facilitate the continuous enhancement of a culture of transparency.

The Company strengthened the operation of a prevention guidance mechanism dedicated for the COVID-19 outbreak. An epidemic prevention system featuring diversified, recurring and long-term multi-disease prevention and civil-military integration was effectively launched to realize a stably controlled situation of "zero internal infection and zero internal spread". During the epidemic, the Company fully took advantage of informatization measures to enhance distant safety supervision and educational trainings, ensuring constant safety management and frequent online educational trainings.

A safe production accountability policy was thoroughly implemented by the Company, under which a safety, quality and environment performance file was individually created for each staff member of each business division and branch and an innovative daily points system was developed. Staff member of each unit would be comprehensively evaluated in respect of their performance in safety, quality and environment based on the daily points, performance-based interviews and performance results. This aimed to facilitate the effective implementation of the safe production accountability of the Company policy and completion of the supervision over high, middle and low level leaders regarding their safety, quality and environment performance.

The full-fledged safety supervision team of the Company pushed forward the implementation of a safety director policy and in turn enhanced the development of top-level organizational management personnel. The Company was proactive in the rolling-out of the safety director policy, and the safety director of each unit who shall be specifically responsible for works related to safety, quality and environmental protection in the respective area all reported for duty. Therefore, professional matters shall be taken care of by the professionals. A safe production supervision and guidance team with outstanding comprehensive qualities, authority, relative independence, strong performance, clearly defined roles and responsibilities and effective management was gradually formed.

An innovative safety, quality and environment inspection approach was adopted by the Company. By taking into account the evolving status of the epidemic and leveraging on existing resources, the Company adopted a safety, quality and environment inspection approach through the combination of online and offline means, which was subject to the consolidation of the Company and cross-region implementation, to realize a full-coverage inspection.

Management Discussion and Analysis

Project Construction

As influenced by both of the "installation spree" and the epidemic, with regards to its project construction, the Company exerted every effort to overcome the difficulties including short supply along the industry chain and rising construction costs, and always remained tough and strong. The Company continued to improve the construction process and strengthen synergetic cooperation with upstream and downstream companies. While ensuring that safety was well under control, the Company achieved a new record high in the new installed capacity.

In addition, the Company undertook standardized and progressive informatization development with innovation achievements obtained. The informatization management level in project construction was improved through project operation analysis and establishment of early warning system. The Company received the Certificate of Scientific and Technological Achievements Evaluation in respect of the results of the scientific research independently completed by it, i.e. the "Research on the Application and Practice of Ubiquitous Internet of Things Technology in Wide-area Distributed Project Management". The research provided a big data management platform for access to upstream and downstream, internal and external information as well as decision-making during construction management, which in turn ensured timely supply of equipment, improved the management of quality, safety and environmental and water protection at construction sites, real-time analysis and early warning of deviations in construction management indicators, reduced labour input, and expedited the construction cycle through effective, timely and accurate communication methods. All these reliably guaranteed the early commissioning of projects, effectively prevented operational risks arising from the projects and provided information assurance for the new capacity put into operation.

The Company convened weekly construction coordination meetings throughout the year to fully realize early identification of problems, early determination of plans and early on-site implementation during the project construction process, which effectively improved the synergy and working efficiency of each department in project construction of the Company and achieved favourable results in facilitating project construction.

Onshore Development of Preliminary Projects

New energy steadily entered into the era of full grid parity in 2020. In the face of influences from the epidemic and complexities in the volatile external environment, the Company meticulously drew up plans, conducted in-depth investigations, facilitated synergies with internal and external parties, and propelled development through innovation. Through investigations and scientific demonstration, development strategies such as "prioritizing grid parity and fighting for competitive bidding", "optimization and iteration of quoted prices", and "prioritizing self-planning and participating in government tenders" were formulated, showcasing the Company's bravery in enduring stress and its all-out effort.

The Company made additional efforts to keep track of the changes in policies of relevant national and provincial departments and energy regulators and agencies, conducted in-depth studies regarding various new energy policies and innovated work ideas based on local conditions, in order to lay a solid foundation for the high-quality development of the Company during the 14th Five-Year Plan period. In 2021, the Company will continue to exert greater efforts in reserving project resources and grasp opportunities to develop wind power and photovoltaic power projects during the 14th Five-Year Plan period, in order to make greater contributions to new energy development.

Offshore Wind Power

In 2020, influenced by the cessation of granting subsidies for new projects of offshore wind power industry and the capacity constraints of the 13th Five-Year Plan for offshore wind power planning, construction of offshore wind power were dominated by project reserves, and the capacity of new projects that have obtained approval was very limited.

Management Discussion and Analysis

In December 2020, the "2020 China Offshore Wind Engineering and Technology Conference" was held in Beijing, co-hosted by organizations such as Offshore Wind Association of China Association of Oceanic Engineering, China Southern Power Grid Co. Ltd. During the conference, prediction and speculation for the development trend of offshore wind power at home and abroad was made. It was expected that planned installed capacity of offshore wind power on global scale in the next two decades would grow at an annual rate of 13%, and by 2030, the additional planned installed capacity in respect thereof around the globe would achieve about 200 GW, while grid parity would be the main direction of the future development and focus of domestic offshore wind power industry. The conference suggested the promotion of investment and operation model highlighting "sea booster stations/converter station", active expansion into industries peripheral to offshore wind power industry development, coordination among various kinds of energy, and exploration on the viability of development integrating aquafarm and offshore wind power.

The Company has maintained steady development of offshore wind power business, and has planned in advance and made reasonable deployment with reference to national policies and the Company's overall strategies such that the Company can make every effort to complete its goals. The construction for the Company's H8# project (300 MW) in Rudong, Jiangsu Province and the 5# and 6# projects (282 MW) in Shengsi, Zhejiang Province commenced and are progressing according to the construction plan.

Electricity Generation

The electricity generated (GWh) of the projects of the Group are set out as follows:

	For the year ended 31 December	
	2020	2019
PRC wind projects	**4,452.4**	3,040.9
PRC solar projects	**1,362.4**	828.7
PRC coal-fired, cogen and gas-fired projects	**430.8**	1,732.7
PRC hydro projects	**875.7**	926.6
Korea gas-fired projects	**6,703.9**	7,012.1
Total	**13,825.2**	13,541.0

The Company insisted on modification, maintenance and upgrade of equipment as its focus during production and operation. Leveraging informatization, the Company spared all effort to overcome difficulties under the adverse circumstances caused by the widespread epidemic and the economic downturn in the first half of the year. The Company continued to carry out specific equipment modification activities to improve the utilization rate of the equipment, which largely guaranteed the completion of the annual electricity generation target plan. As of 31 December 2020, the electricity generated by the Group's consolidated power generation projects amounted to 13,825.2 GWh, representing an increase of 2.1% from 13,541.0 GWh as compared with that of last year. The increase in electricity generated was mainly due to increased power generation from newly commissioned installed capacity of wind and solar power. The electricity generated by wind power projects and solar power projects reached 4,452.4 GWh and 1,362.4 GWh, representing growth rates of 46.4% and 64.4%, respectively.

The power generated from PRC Coal-fired, Cogen and Gas-fired projects reached 430.8 GWh, representing a decrease of 75.1% as compared to 2019, mainly due to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 as a result of the continued drought and restricted access to local water supply.

The total steam sold by the Group amounted to 3,353,000 tonnes, representing a slight increase of 5.9% as compared with 2019.

Management Discussion and Analysis

The following table sets out the average utilization hour applicable to our projects for the Group:

Average utilization hour by fuel type[(1)]

	For the year ended 31 December	
	2020	2019
PRC Wind Projects[(2)]	**2,009**	1,977
PRC Solar Projects[(3)]	**1,348**	1,519
PRC Coal-fired Projects[(4)]	**4,252**	5,054
PRC Cogen Projects[(5)]	**5,685**	4,742
PRC Hydro Projects[(6)]	**4,500**	4,768
Korea Gas-fired Projects[(7)]	**4,320**	4,524

Notes:

(1) Average utilization hour is the gross electricity generated in a specified period divided by the average installed capacity in the same period.

(2) Average utilization hours for the year ended 31 December 2020 for the PRC wind projects in major regions such as Shandong Province, Zhejiang Province and Gansu Province were 1,961 hours, 1,826 hours and 1,986 hours, respectively. Average utilization hours for the PRC wind power projects increased mainly due to better overall wind resources which led to increase in the total volume of electricity generation.

(3) The average utilization hours for the year ended 31 December 2020 for the PRC solar projects in major regions such as Inner Mongolia Autonomous Region, Anhui Province, Guizhou Province and Qinghai Province were 1,749 hours, 1,131 hours, 1,018 hours and 1,548 hours, respectively. Average utilization hours for the PRC solar power projects decreased mainly because of the unstable solar resources available in 2020.

(4) Average utilization hour for the PRC coal-fired projects decreased in 2020 as the associates located in Hubei Province were temporarily suspended from production as a result of the COVID-19 pandemic during the year, which caused a decrease in power generation.

(5) After taking out the factor of closing down of a PRC cogen project with declining productivity since April 2019, the overall utilization hour of the PRC cogen projects improved in 2020.

(6) Average utilization hour for the PRC hydro projects decreased in 2020 mainly due to reduction of incoming water flow which caused a decrease in power generation.

(7) Our Korea gas-fired power projects had lower utilization hour in 2020 mainly due to a decrease in the electricity generation of Yulchon I Power Project and Yulchon II Power Project as a result of the increased reserve margin and decreased electricity demand in Korea.

Management Discussion and Analysis

The table below sets out the weighted average tariffs (inclusive of value-added tax ("**VAT**")) applicable to our projects in the PRC and Korea for the Group for the periods indicated below:

Weighted average tariff (inclusive of VAT)(1)

		For the year ended 31 December	
	Unit	**2020**	2019
PRC Wind Projects	RMB per kWh	**0.51**	0.47
PRC Solar Projects(2)	RMB per kWh	**0.71**	0.83
PRC Coal-fired Projects(3)	RMB per kWh	**0.43**	0.38
PRC Cogen Projects(3)(4)	RMB per kWh	**0.47**	0.47
PRC Hydro Projects(5)	RMB per kWh	**0.28**	0.29
Korea Gas-fired Projects(6)	KRW per kWh	**93.17**	116.50
Weighted average tariff-steam (inclusive of VAT)			
PRC Cogen Projects(7)	RMB per ton	**196.85**	221.03

Notes:

(1) The weighted average tariffs are affected not only by the change in the tariff for each project but also the change in net power generation for each project.

(2) The weighted average tariff of our PRC solar projects decreased in 2020 due to keen competition in electricity bid trading. In addition, the tariff of newly commissioned solar projects is generally lower, which therefore led to the drop in weighted average tariff.

(3) The weighted average tariffs for our PRC coal-fired and PRC cogen projects remained stable in 2020.

(4) The weighted average tariff for our PRC cogen projects excludes steam tariff.

(5) The weighted average tariff of our PRC hydro projects remained stable in 2020.

(6) The weighted average tariff for Korea gas-fired projects includes the tariff for the 25.4 MW fuel cell projects owned by Yulchon I Power Project. The decrease in weighted average tariff for our Korea gas-fired projects was in line with the decrease in Korean gas price.

(7) The decrease in weighted average tariff of steam in 2020 was in line with the decrease in PRC coal price.

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Management Discussion and Analysis

The following table sets out the weighted average gas and standard coal (inclusive of VAT) applicable to our projects in the PRC and Korea for the Group for the periods indicated below:

	Unit	For the year ended 31 December 2020	2019
PRC weighted average standard coal price[(1)(2)]	RMB per ton	**756.1**	793.1
Korea weighted average gas price[(1)(3)]	KRW per Nm^3	**438.5**	560.7

Notes:

(1) The weighted average standard coal and the weighted average gas prices are weighted based on the consumption of gas or coal in each applicable period.

(2) The PRC weighted average standard coal price in 2020 decreased compared to 2019 due to decrease in market coal price.

(3) Our Korea weighted average gas price in 2020 decreased compared to 2019 due to the decrease in the prices known as the Japanese Crude Cocktail, which are calculated with reference to the average prices of crude oil imported into Japan and are an important determinant of natural gas prices in Korean markets. Yulchon I Power Project's power purchase agreement ("**PPA**") allows us to pass on the fuel cost fluctuations of the tariff to our customers in accordance with the laws.

Revenue and segment information

The Group has three reportable segments as follows:

(1) Power plants in the PRC – Generation and supply of electricity;

(2) Power plants in Korea – Generation and supply of electricity; and

(3) Management companies – Provision of management services to power plants operated by CGN and its subsidiaries.

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

For the year ended 31 December 2020

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'000*
Segment revenue – external	526,685	596,327	26,880	1,149,892
Segment results	161,285	45,467	1,280	208,032
Unallocated other income				48
Unallocated operating expenses				(3,976)
Unallocated finance costs				(28,278)
Share of results of associates				29,342
Profit before taxation				205,168

Management Discussion and Analysis

For the year ended 31 December 2019

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'000*
Segment revenue – external	495,024	752,201	29,056	1,276,281
Segment results	86,665	57,000	1,349	145,014
Unallocated other income				44
Unallocated operating expenses				(3,189)
Unallocated finance costs				(33,759)
Share of results of associates				32,807
Profit before taxation				140,917

Segment revenue for power plants in the PRC increased by 6.4%, which was mainly attributable to increase in revenue from newly commissioned wind and solar projects.

Segment revenue for power plants in Korea decreased by 20.7%, it was mainly due to the increased reserve margin and the decreased electricity demand in Korea.

The Group provides management services to certain subsidiaries of CGN starting from May 2014. The decrease in segment revenue from the management companies by 7.5% was mainly because of reduction of other operating expense incurred in provision of management services in 2020.

Segment results for power plants in the PRC increased significantly by 86.1%, which was mainly contributed by the newly commissioned wind and solar power projects, as well as an one-off gain on the disposal of the Jinqiao JV during the year.

Segment results for power plants in Korea decreased by 20.2%, which was mainly due to the lower electricity generation and decreased margins from power production in 2020.

Management Discussion and Analysis

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2020 **US$'000**	2019 US$'000
Segment assets		
Power plants in the PRC	**5,209,023**	3,705,294
Power plants in Korea	**1,532,511**	1,434,335
Management companies	**4,156**	3,221
Total segment assets	**6,745,690**	5,142,850
Interests in associates	**206,083**	190,608
Unallocated		
– Right-of-use assets	**1,441**	2,890
– Others	**23,318**	42,819
Consolidated assets	**6,976,532**	5,379,167
Segment liabilities		
Power plants in the PRC	**3,944,793**	2,665,605
Power plants in Korea	**926,266**	887,336
Management companies	**645**	848
Total segment liabilities	**4,871,704**	3,553,789
Unallocated		
– Bank borrowings	**100,000**	100,000
– Loans from fellow subsidiaries	**700,000**	700,000
– Lease liabilities	**1,552**	3,072
– Others	**5,895**	12,859
Consolidated liabilities	**5,679,151**	4,369,720

The increase in both segment assets and liabilities for power plants in the PRC in 2020 was mainly due to heavy investment in purchases of property, plant and equipment for a number of subsidiaries.

The increase in both segment assets and liabilities for power plants in Korea in 2020 was mainly due to the development of the new biomass project.

Scientific and Technological Innovation

The Company has attached great importance to scientific and technological innovation. It focused on the introduction, promotion and application of advanced technologies and supported the progressive development of new energy business by leveraging scientific and technological innovation, contributing its efforts towards the goals of peaking carbon dioxide emissions by 2030 and carbon neutrality by 2060.

Digital transformation to build a smart operation and maintenance platform:

The Company has built a smart operation and maintenance platform and established four centers for the management and control of existing assets, namely the centralized control center, early warning center, safety center and data center. These four centers worked together to enable the Company to achieve high-quality development empowered by production informatization.

Management Discussion and Analysis

Centralized control center: Aiming to address the multiplicity as well as the substantial range of and difficulties in management works of new energy, the Company comprehensively facilitated region-based centralized control by exploring the path of standardization, informatization, centralization and specialization. The Company has established a centralized control center to realize a centralized monitoring model and optimize the on-site operation and maintenance model in stations, which saved labor costs.

Early warning center: To realize the transformation from passive to active equipment management, anticipation of substandard equipment condition for preventative maintenance, the Company has established an early warning center with the best core competency focusing on equipment condition. Development and core operation and maintenance of a self-control model were basically achieved under the system to enable online monitoring and fault early warning of equipment. A preventative maintenance system has been preliminarily formed.

Safety center: The Company has set up an integrated safety monitoring platform to enable remote technical guidance, safety inspection, remote stationing and other works at the sites, and established a full-scenario safety protection network system and a safety emergency operations center, ensuring that safe production was supervised and reviewed. Currently, a number of video surveillance points have been established across the country and mobile operation and maintenance have made fully available, which sufficiently allowed centralized control of safety monitoring and dispatching. By means of technology and informatization, the Company improved the level of safety monitoring characterized by excellent quality in order to prevent the occurrence of major accidents and incidents.

Data center: Digital economy has become a "new driver, new engine and new advantage" for facilitating the high-quality growth of enterprises, where "data" has even become a new production factor. In order to reinforce and improve the quality of corporate data, the Company has established a data center primarily for basic data of the production information system, and has developed a well justified methodology for data standard and data management which the Company was the first in the industry. Through online monitoring and manual review, the Company ensured the accuracy and reliability of final data, and laid a foundation for digital transformation in business and subsequently advanced application.

Smart offshore wind power operation platform:

In December 2020, the Company launched a smart offshore wind power operation platform to enable full-scenario safety protection, construction and operation management, and analysis of operation and maintenance strategies for offshore projects. The system also fully embodied the close integration between meteorological service and generation, operation and maintenance of offshore wind power. Such system excelled the traditional meteorological service model by significantly improving the accuracy of weather forecast for offshore wind power projects, playing a leading and exemplary role in the industry.

Groundbreaking establishment of the first suite of electric power marketing information system in the domestic new energy industry:

In order to cope with the challenges in the market, the Company has established the first suite of electric power marketing information platform for new energy in the PRC by centering on scientific and technological innovation in the context of thriving digital economy. In December 2020, the first phase of the electric power marketing information management platform of the Company was successfully put into operation, which enabled platform-based tracking and monitoring of the entire business process covering transactions at self-owned stations, electricity purchase and sale transactions with external parties, power curtailment management and so on, signifying that the Company's electric power marketing business has entered into a new stage of digitalization and intelligentization.

The Company will continuously insist on scientific and technological innovation and strengthen education for and cultivation of talents with innovative minds, in order to solidly guarantee the high-quality growth of the Company.

Management Discussion and Analysis

Social Responsibility

The Company has been earnestly fulfilling its corporate social responsibility by preventing the epidemic, fighting against floods, as well as bravely and responsibly guiding the industry to pursue healthy development in response to the national energy strategies. The Company committedly took part in poverty alleviation works through industry-driven poverty alleviation, education-driven poverty alleviation and donations.

The Company was steadfast in thoroughly following the important guidance, spirit and work deployment of the Central Committee of the Communist Party of China in respect of epidemic prevention. The Company considered epidemic prevention as the most important and urgent political mission and was committed to overcoming such difficult times together with the country. With its comprehensive epidemic prevention efforts, the Company dealt with the epidemic outbreaks and sporadic local cases in places like Wuhan, Beijing and Hong Kong in a sophisticated and reliable manner.

During June and July 2020, floods occurred in several southern provinces. The Company initiated certain contingency plans for certain projects and deployed leaders at each level of the branches on the frontline to fight against the floods and made them fully devote themselves to works such as monitoring and early warning, slope and dam inspection, which enabled the Company to achieve a big win in this flood control war.

Exchange of Ideas with Industry Peers

In 2020, the Company organized and participated in a number of conferences in relation to the wind power industry and photovoltaic power industry, in which the Company had discussions and analyses on hot issues about development of the industries together with representatives such as competent authority for the industries and experts.

In November 2020, the third Annual Forum for Leaders of Renewable Energy Enterprise (第三屆可再生能源開發企業領導人年度座談會), organized by the Chinese Wind Energy Association of the China Renewable Energy Society and undertaken by the Company, was held in Beijing in which there was in-depth discussion and exchange of ideas focusing on the current opportunities and challenges in the face of the development of renewable energy in China, mainly in relation to the goals for different stages of development of wind power industry in the context of achieving "carbon neutrality by 2060" and suggestions for the 14th Five-Year Plan and supporting policies in respect thereof.

In November 2020, the Company participated in the 2020 National Annual Conference for Large Wind Energy Equipment Industry cum Wind Power Industry Development Forum (2020全國大型風能設備行業年會暨風電產業發展論壇) and delivered a keynote speech titled "Collaboration and Win-win – Joining Hands to Create a New Pattern of Synergic Development for the Wind Power Industry under the Vision of Carbon Neutrality" (《合縱連橫，攜手共贏，全力打造碳中和願景下風電產業協同發展新格局》). In the conference, we had in-depth discussion and exchange of ideas with other attendees on some top news and hot topics in the industry such as transformation of energy structure and renewable energy development-related policies, status of development of the wind power industry development and trends in the period of the 14th Five-Year Plan, the ways to achieve synergy and win-win industrywide in the era of grid parity, innovation and cutting-edge technologies in the wind power industry, the integrated use of wind power as well as green and low-carbon development.

In December 2020, the Company participated in the 2020 China Offshore Wind Engineering and Technology Conference (2020中國海上風電工程技術大會) and took part in a forum session with peers in the industry chain under the theme of "Sharing Innovated Engineering Technologies and Discussing the Ways to Achieve Grid-Parity" (《共享工程技術創新共商平價發展之路》). Against the backdrops of goals of achieving "peaking carbon emission" and "carbon neutrality", the conference aimed to explore the ways to achieve grid parity of offshore wind power, expedite the innovation and advancement of engineering technologies, and help solve difficult issues taken place in the industry chain. We had in-depth discussions and shared ideas with guest attendees in regards to the above topics.

Management Discussion and Analysis

In December 2020, we participated in the 5th China Offshore Wind Power Conference (第五屆中國海上風電大會) organized by China Electrical Equipment Industrial Association, in which we delivered an opening speech and participated in dialogue with peers in the industrial chain. In the conference, there were in-depth discussions and exchanges of ideas on the focus of the conference which was themed "Offshore Wind Power, Smart Energy" (海上風電、智慧能源), contributing valuable ideas and suggestions for facilitating self-dependent innovation and industrial upgrading in respect of offshore wind power technologies and equipment and engineering projects and in turn serving to push forward quality-oriented development of wind power industry in China.

In December 2020, the Company participated in the 2020 China Photovoltaic Industry Annual Conference (2020中國光伏行業年度大會) and took part in the guest dialogue. The conference was organized by China Photovoltaic Industry Association with the aim to facilitate the exchange of ideas and communication about the opportunities in and challenges faced by the photovoltaic industry under the new development pattern of full grid parity, as well as to discuss the future direction and trend of the development of the photovoltaic industry in China with respect to an "intensive reduction in carbon emission".

In order to adhere to the spirit of President Xi Jinping in his instructions on reaching "peaking carbon emission by 2030" and "carbon neutrality by 2060" and to assume the responsibilities of being a centrally administrated state-owned enterprise, the Company is determined to its strategies of propelling its development in the new energy business with a hope to secure any opportunities in the wind power industry and photovoltaic power industry.

Brand Promotion: Recognitions and Awards

In 2020, adhering to the philosophy of "bearing the initial intention in mind in the path to ingenuity" (以初心、致匠心), the Company has made effort on consolidating its leading position in technological innovation and establishing a system that conduces technical innovation. Apart from expanding its scope of business, for the purpose of facilitating a high-quality development, the Company insisted on building a professional team, by hierarchy and in goal-oriented approach, which are equipped with high technological background, competitive market-wise and can deliver great prospects. The Company won a number of awards in terms of engineering and innovation as follows.

When it comes to innovation in branding, it only took as short as 98 days for Dangtu Photovoltaic Power Station to go through from construction to power connection, which is located in Anhui Province and is the largest fishing-photovoltaic power project in Eastern China with a capacity of 260 MW. Apart from self-made innovation, the Company was in active cooperation with various colleges and scientific research institutions, and has forged Dangtu Photovoltaic Power Station as an industry, education and research base for Company and Nanjing University of Aeronautics and Astronautics, while the Company was also committed to developing Dangtu Photovoltaic Power Station into "a garden-like photovoltaic power station" in the hope of winning the first "National Quality Engineering Award" in photovoltaic field in China. The Company was also granted the honor of "China Innovation Leadership Vanguard Brand" (全國創新領導先鋒品牌) thanks to unremitting effort and contribution.

In September 2020, the Company was awarded 3 Outstanding Quality Management Achievement Awards for China's power industry by China Association for Water and Electricity Quality Management. The theme of the performance report released by our quality management team was "Consolidating Our Base, Implementing Our Standards, Innovating and Empowering Ourselves" (紮根基層 • 落實標準 • 創新賦能), in which our quality management team exchanged its fruitful experience and shared new ideas from performance in quality management, in the hope of brainstorming power enterprises in enhancing its quality management. At the report release conference, our quality management team deeply explained its idea, yet in a simple and understandable language, which was highly received and recognized by the evaluation panel, attaining remarkable performance. Being profoundly concerned about quality management, the Company has been perseverant in making employees enthusiastic and proactive in being a part in innovation, and encouraging employees to develop new products, research and develop new methods, adopt new technologies and solve new problems.

Management Discussion and Analysis

In November 2020, two scientific and technological achievements gained by the Company, namely "Research and Application of Technology for Analysis of Harmonic Source Positioning in New Energy Stations" (《新能源場站諧波源定位分析技術的研究與應用》) and "Research and Application in Enhancement of Design of Grounding Network of Fishing-Photovoltaic Power Complementary Photovoltaic Station" (《漁光互補光伏電站接地網設計優化研究與應用》), won "Third Prize in 2020 Scientific and Technological Advancement Award for Power Development" (2020年度電力建設科學技術進步獎三等獎) awarded by China Electric Power Construction Association. The Scientific and Technological Advancement Award for Power Development is granted by the Ministry of Science and Technology and is regarded as the most honorable science and technology award in the power development industry. This award aims to incentivize power enterprises in enhancing their ability in scientific and technological innovation, to promote the production and application of scientific and technological outcomes, and accordingly facilitate the channeling of the scientific and technological outcomes to productivity that are conducive to enterprises' scientific and technological innovation.

In December 2020, the Company received 2 awards in relation to "Second Prize for Achievements in Activities of the Electricity Development Quality Control Group in 2020" (2020年度電力建設質量管理小組活動二等成果獎) from the China Electric Power Construction Association. The achievements of the quality control group of the Company being shortlisted demonstrated to industry peers our project quality management standard and innovation development level as well as the enthusiasm and creativity of our employees, further enhancing the influence of the Company in the power industry. The Company will make greater efforts in innovation by actively promoting the application of "new technology, new craftsmanship, new procedures, new equipment and new applications", with an aim to make greater contributions to facilitating the high-quality sustainable development of the Company.

Considering "Developing Clean Energy and Building a Beautiful China" (發展清潔能源，建設美麗中國) as its mission, the Company has always upheld its key development principles such as promoting green development. The Company has always prioritized its concern about environmental-friendliness in development and operation of any project and has started its work in the protection for ecosphere, atmosphere and aquatic environment. In October 2020, the Company was awarded the "InnoESG Prize" 2020 in Hong Kong, which represents that the Company's contribution to sustainable development has drawn attention from and recognition by the market. The Company is the only power producer that had received this award for two consecutive years. The "InnoESG Prize", jointly issued by the organizations such as UNESCO HK Global Peace Centre, is offered as a credit to listed companies that have made a constructive and positive impact in the area of "environmental, social and corporate governance" (ESG), which also serves as a support and full recognition for the Company's initiatives in sustainable development. The Company will continue to improve the comprehensiveness of information disclosure, benchmark against the practices of leading enterprises in order to further enhance the broadness of the ESG report. At the same time, the Company will continue its efforts in promoting high-quality development, and consolidating in the clean energy market for the purpose of providing safe, environmentally friendly and economical clean energy to the society.

Management Discussion and Analysis

III. OPERATING RESULTS AND ANALYSIS

In 2020, the revenue of the Group amounted to approximately US$1,149.9 million, representing a decrease of approximately 9.9% compared with last year. The profit attributable to the equity shareholders of the Company amounted to approximately US$162.1 million, representing an increase of approximately US$50.9 million or 45.8% as compared with last year.

In 2020, the profit of the Group amounted to approximately US$167.6 million, representing an increase of approximately US$68.2 million or 68.6% as compared with approximately US$99.4 million of last year.

Revenue

In 2020, the revenue of the Group amounted to approximately US$1,149.9 million, representing a decrease of 9.9% compared with approximately US$1,276.3 million of last year. Revenue derived from Korea amounted to US$596.3 million, representing a decrease of 20.7% as compared with US$752.2 million of last year. The decrease in revenue was mainly attributable to the lower weighted average tariff of Yulchon I & II Power Projects as a result of the lower gas price in Korea.

The revenue derived from the PRC coal-fired, cogen and gas-fired projects amounted to US$121.4 million, representing a decrease of 41.8% as compared with US$208.7 million of last year, which was mainly attributable to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 due to the continued drought and restricted access to local water supply.

The revenue derived from wind and solar projects in the PRC amounted to US$370.7 million, representing an increase of 46.9% as compared with US$252.4 million of last year, mainly attributable to the newly commissioned installed capacity.

Operating Expenses

In 2020, the operating expenses of the Group amounted to approximately US$862.4 million, representing a decrease of approximately 17.4% compared with approximately US$1,044.7 million of last year. The decrease in operating expenses was mainly due to substantial decrease in gas price and gas costs of our Yulchon I & II Power Projects. In addition, both the coal price and coal consumption of the PRC coal-fired, cogen and gas-fired projects have dropped substantially, which led to an overall reduction in operating expenses.

Management Discussion and Analysis

The breakdown of operating expenses is analysed below:

	2020 **US$'000**	2019 *US$'000*
Operating expenses:		
Coal, oil and gas	**492,510**	698,265
Depreciation of property, plant and equipment	**193,031**	159,831
Repair and maintenance	**30,447**	40,675
Staff costs	**85,835**	76,524
Others *(Note)*	**60,602**	69,368
Total operating expenses	**862,425**	1,044,663

	2020 **US$'000**	2019 *US$'000*
Note:		
Depreciation of right-of-use assets	**13,533**	7,753
Fuel, chemicals, electricity and water	**9,153**	6,120
Consultancy fees	**6,180**	5,052
Tools and consumables	**4,309**	3,411
Outsourcing expenses	**4,039**	6,037
Other maintenance cost	**3,822**	9,682
Insurance expenses	**3,516**	3,311
Other taxes, surcharges and duties	**3,324**	4,140
Transportation and entertainment expenses	**2,721**	4,456
Operation support expenses	**2,638**	3,338
Expense relating to short-term leases	**1,635**	2,411
Office expenses	**1,403**	4,913
Miscellaneous operating expenses	**4,329**	8,744
	60,602	69,368

Operating Profit

In 2020, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to approximately US$287.5 million, representing an increase of approximately US$55.9 million or 24.1% compared with approximately US$231.6 million of last year. The increase in operating profit was mainly caused by the contribution from newly commissioned wind and solar projects.

Management Discussion and Analysis

Other Income

Other income mainly represented interest income, government grants and the refund of value added tax. In 2020, other income of the Group amounted to approximately US$26.3 million, representing an increase of approximately US$3.1 million or 13.4% compared with approximately US$23.2 million of last year.

Finance Costs

In 2020, the finance costs of the Group amounted to approximately US$145.0 million, representing an increase of approximately US$22.9 million or 18.8% compared with approximately US$122.1 million of last year. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loan from the ultimate holding company.

Share of Results of Associates

In 2020, the share of results of associates amounted to approximately US$29.3 million, representing a decrease of approximately US$3.5 million or 10.7% compared with approximately US$32.8 million of last year. The decrease in profit of the associates was mainly due to the temporary suspension of production at power plants located in the Hubei Province as a result of the COVID-19 pandemic during the first half of 2020, which has resumed production starting from April 2020.

Gain on disposal of a subsidiary

In May 2020, the Group disposed of its entire equity interest in Jinqiao JV, representing 60% of the total equity interest in the Jinqiao JV, through a public tender process of Shanghai United Assets and Equity Exchange (上海聯合產權交易所) at a consideration of RMB155.8 million (equivalent to US$22.0 million). The disposal was completed in May 2020, when the Group disposed of its entire equity interests in the Jinqiao JV and recognized a gain on disposal of US$18.1 million.

In October 2019, the Group entered into a sale and purchase agreement with CGN Energy International Holdings Co., Limited (中國廣核能源國際控股有限公司) ("**CGN Energy International**") Limited to dispose of its entire interest in MPC Investment (HK) Company Limited ("**MPCI**"), which in turn owns the entire equity interest in CGN Meineng Corporate Management (Shenzhen) Ltd., to CGN Energy International at a cash consideration of US$1. Furthermore, CGN Energy International agreed to procure MPCI to repay the shareholder's loan of US$1.6 million in full. The disposal was completed in October 2019, when the Group ceased to have control over MPCI and recognized a gain on disposal of US$0.5 million.

Income Tax Expenses

In 2020, the income tax expenses of the Group amounted to approximately US$37.5 million, representing a decrease of approximately US$4.1 million or 9.9% compared with approximately US$41.6 million of last year.

Management Discussion and Analysis

Liquidity and Capital Resources

The Group's bank balances and cash increased slightly from US$384.1 million as at 31 December 2019 to US$398.9 million as at 31 December 2020, which has been kept at a stable level overall.

Net Debt/Equity Ratio

The Group's net debt/equity ratio increased from 3.29 as at 31 December 2019 to 3.61 as at 31 December 2020, which was due to the increase in net debt (which equals to total debt less available cash) as a result of increase in bank borrowings and loan from the ultimate holding company.

Dividend

At the Board meeting held on 24 March 2021, the Board recommended the payment of a final dividend for the year ended 31 December 2020 of 1.59 US cents per share (equivalent to 12.42 HK cents per share), totalling approximately US$68.3 million (equivalent to approximately HK$532.9 million), which is calculated based on 4,290,824,000 shares in issue on 24 March 2021. Payout ratio of the proposed dividend is 42% (equivalent to 25% of profit for the year attributable to equity shareholders of the Company for the two financial years of 2019 and 2020 as dividends, since no dividend was paid out for the year ended 31 December 2019).

Earnings per share

	Year ended 31 December	
	2020	2019
	US cents	*US cents*
Earnings per share, basic and diluted – calculated based on the weighted average number of ordinary shares for the year	**3.78**	2.59
Earnings per share, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	**3.78**	2.59

	Year ended 31 December	
	2020	2019
	US$'000	*US$'000*
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the year attributable to equity shareholders of the Company)	**162,087**	111,207
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**4,290,824**	4,290,824
Number of ordinary shares outstanding at year end	**4,290,824**	4,290,824

Management Discussion and Analysis

Trade Receivables

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
Trade receivables – contracts with customers	**430,976**	327,831
Less: allowance for credit losses	**(703)**	(536)
	430,273	327,295

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition dates.

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
0 – 60 days	**151,034**	140,573
61 – 90 days	**12,617**	9,874
91 – 180 days	**39,961**	28,918
Over 180 days	**226,661**	147,930
	430,273	327,295

Trade Payables

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
0 – 60 days	**58,490**	82,787
61 – 90 days	**1,679**	73,365
Over 90 days	**10,535**	86,619
Total	**70,704**	242,771

The average credit period on purchases of goods is 26 days (2019: 39 days) for the year ended 31 December 2020. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

Management Discussion and Analysis

Non-current assets classified as held for sale

On 8 May 2019, the Group entered into an agreement with an independent third party, committee of Haian National Economic and Technical Development Zone (the "**Committee**"), to dispose of one of the Group's construction lands and certain electric and steam generating facilities and equipment in the PRC. The assets that are expected to be sold within twelve months from the end of the reporting period have been classified as non-current assets classified as held for sale and are separately presented in the consolidated statement of financial position.

Major classes of assets as at the end of the reporting period are as follows:

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
Total assets classified as held for sale		
– Property, plant and equipment	–	20,318

During the year ended 31 December 2020, the above assets have been transferred to the Committee and non-current assets classified as held for sale is derecognized.

Financial Position

Non-current assets increased from US$4,384.0 million as at 31 December 2019 to US$5,741.6 million as at 31 December 2020, which was mainly due to the additions of property, plant and equipment and other non-current assets during the year.

Current assets increased from US$995.2 million as at 31 December 2019 to US$1,235.0 million as at 31 December 2020, which was mainly attributable to the increase in trade receivables and contract assets.

Current liabilities increased from US$1,559.4 million as at 31 December 2019 to US$2,039.4 million as at 31 December 2020, which was mainly due to the increase in loan from the ultimate holding company.

Non-current liabilities increased from US$2,810.3 million as at 31 December 2019 to US$3,639.7 million as at 31 December 2020, which was mainly due to increase in bank borrowings.

Management Discussion and Analysis

Goodwill

	2020 **US$'000**	2019 US$'000
COST		
At 1 January	**167,236**	169,976
Exchange differences	**11,508**	(2,740)
At 31 December	**178,744**	167,236
ACCUMULATED IMPAIRMENT LOSSES		
At 1 January	**–**	–
Impairment losses recognized in profit or loss	**(8,995)**	–
Exchange differences	**(508)**	–
	(9,503)	–
CARRYING AMOUNTS		
At 31 December	**169,241**	167,236

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units or group of cash-generating units as follow:

	2020 **US$'000**	2019 US$'000
Wind Energy Subsidiaries (as defined below) *(Note)*	**120,954**	115,013
Solar Energy Subsidiaries (as defined below) *(Note)*	**46,810**	50,788
Multiple units without significant goodwill	**1,477**	1,435
	169,241	167,236

Note:

For the purpose of impairment testing, goodwill has been allocated to the subsidiaries under CGN Wind Energy Limited acquired in 2015 ("**Wind Energy Subsidiaries**") and subsidiaries under CGN Solar Energy Development Co., Ltd. acquired in 2015 ("**Solar Energy Subsidiaries**") which are considered as group of cash-generating units. The recoverable amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries have been determined based on value in use calculations. Goodwill impairment testing has been assessed for the Wind Energy Subsidiaries and Solar Energy Subsidiaries individually. These calculations are based on the present value of the cash flow projections covering the operation period of each individual cash-generating unit. The cash flow projections derived from the most recent financial budgets approved by management which cover operation periods ranging from 9 to 43 years. The cash flow projections are discounted using discount rate ranged from 8.73% to 10.17% (2019: from 9.20% to 9.22%). Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on past performance of the Wind Energy Subsidiaries and Solar Energy Subsidiaries and management's expectations for the market development. The estimated annual average growth rates in electricity generation volume ranging from -3% to 8.1% (2019: 0% to 3.0%).

During the year ended 31 December 2020, due to the uncertainty of the future tariff rate following the issuance of Caijian No. 4 [2020], Several Opinions on Promoting the Healthy Development of the Power Generation of Non-hydro Renewable Energy by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration, impairment losses of US$1,905,000 and US$7,090,000 were recognized in "Other gains and losses" in relation to certain CGUs of the Group's Wind Energy Subsidiaries and Solar Energy Subsidiaries respectively. Three cash-generating units ,CGN Gansu Guazhou Wind Power Co., Ltd (中廣核甘肅瓜州風力發電有限公司), CGN Solar Wulan Co., Ltd (中廣核太陽能烏蘭有限公司) and CGN Solar (Jiaxing) Co., Ltd. (中廣核太陽能(嘉興)有限公司), have been reduced to their recoverable amounts of US$85,980,000, US$37,317,000 and US$9,018,000 respectively and adverse change in the assumptions used in the calculations of recoverable amounts would result in further impairment losses.

Management Discussion and Analysis

Bank Borrowings

The Group's total bank borrowings increased from US$2,597.9 million as at 31 December 2019 to US$3,610.8 million as at 31 December 2020. Details of bank borrowings are as follows:

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
Secured	**2,979,540**	2,189,360
Unsecured	**631,304**	408,537
	3,610,844	2,597,897
The maturity profile of bank borrowings is as follows:		
Within one year	**721,579**	576,214
More than one year but not exceeding two years	**323,538**	315,074
More than two years but not exceeding five years	**951,658**	648,395
Over five years	**1,614,069**	1,058,214
	3,610,844	2,597,897
Less: Amounts due for settlement within one year shown under current liabilities	**(721,579)**	(576,214)
Amounts due for settlement after one year	**2,889,265**	2,021,683

As at 31 December 2020, the Group had committed unutilized banking facilities of US$4,216.8 million.

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities that include RMB, USD and KRW. The bank borrowings of the Group carry interest rates which range from 1.47% to 4.90% (31 December 2019: 1.75% to 6.62%) per annum during the year ended 31 December 2020. The analysis of bank borrowings with fixed interest rate and variable interest rate is analysed below:

	As at 31 December	
	2020	2019
	US$'000	*US$'000*
Fixed rate	**990,805**	673,859
Variable rate	**2,620,039**	1,924,038
	3,610,844	2,597,897

Management Discussion and Analysis

Loans from Fellow Subsidiaries and the Ultimate Holding Company

As at 31 December 2020, the amounts represent:

(i) Loan from CGN Finance of RMB1,170.0 million (equivalent to US$179.3 million) (2019: RMB1,600.0 million (equivalent to US$229.4 million)) is unsecured, interest bearing at 3.5% per annum and repayable in 2021.

Loan from CGN Finance of RMB44.1 million (equivalent to US$6.8 million) (2019: nil) is unsecured, interest bearing at 4.2% per annum and repayable in 2035.

Loan from CGN Finance of RMB500.7 million (equivalent to US$76.7 million) (2019: nil) is unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.4% per annum and repayable in 2040.

(ii) Loan from CGN Wind Energy of RMB600.0 million (equivalent to US$92.0 million) (2019: RMB1,000.0 million (equivalent to US$143.4 million)) is unsecured, interest bearing at 3.5% per annum and repayable in 2021.

(iii) Loan from CGNPC Huasheng of US$250.0 million (2019: US$250.0 million) is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.3% per annum and repayable in 2021.

(iv) Loan from CGN of RMB1,930.0 million (equivalent to US$295.8 million) (2019: nil) is unsecured, interest bearing at 3.0% per annum and repayable in 2021.

Loan from CGN of RMB800.0 million (equivalent to US$122.6 million) (2019: nil) is unsecured, interest bearing at 3.0% per annum and repayable in 2022.

(v) Loan from China Clean Energy Development Limited of US$450.0 million (2019: US$450.0 million) is unsecured, interest bearing at 4.5% per annum and repayable in 2025.

Management Discussion and Analysis

Capital Expenditures

The Group's capital expenditure increased by US$248.8 million to US$1,323.1 million in 2020 from US$1,074.3 million in 2019.

Contingent Liabilities

As at 31 December 2020 and 2019, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, right-of-use assets, trade receivables, contract assets and bank deposits for credit facilities granted to the Group. As at 31 December 2020, the total book value of the pledged assets amounted to US$1,815.0 million (2019: US$2,690.3 million).

Employees and Remuneration Policy

As at 31 December 2020, the Group had about 1,837 full-time employees, with the majority based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

Employees located in China are covered by the mandatory social security schemes required by local practice and regulations of the PRC, which are essentially defined contribution schemes. The Group is required by the PRC law to contribute a certain percentage of the average salaries of the employees to various schemes in accordance with the respective regulatory requirements of each city. The PRC government is directly responsible for the payment of the benefits to these employees.

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.335% for national health insurance (10.25% of the national health insurance contribution for long term care insurance), 1.05% for unemployment insurance, 1.093% (Seoul Office)/0.833% (Yulchon)/0.833%(Daesan) for the industrial accident compensation insurance and 0.06% for a wage claim guarantee fund.

In Hong Kong, the Group participates in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485). Employees contribute 5.0% of their relevant income to the mandatory provident fund scheme and the Group contributes 10.0% of each employee's monthly base salary.

The remuneration of senior management is determined by making reference to the performance of individuals and the Group and market trends. The emoluments of senior management (excluding directors) for the year ended 31 December 2020 were within the following bands:

	No. of senior management
Less than HK$500,001 (Equivalent to US$64,001)	1
HK$500,001 to HK$1,000,000 (Equivalent to US$64,001 to US$128,000)	0
HK$1,000,001 to HK$1,500,000 (Equivalent to US$128,001 to US$191,000)	7
HK$1,500,001 to HK$2,000,000 (Equivalent to US$191,001 to US$255,000)	5
HK$2,500,001 to HK$3,000,000 (Equivalent to US$319,001 to US$383,000)	1
Total	14

Management Discussion and Analysis

Environmental Policies and Performance

PRC

Wind and Solar Projects

In order to protect and continuously improve the living environment and ecological environment and to achieve energy conservation and ecological environmental protection, the Group, in accordance with the requirements of environment-related laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Water and Soil Conservation Law of the People's Republic of China, and in line with the instructions from President Xi Jinping on ecology, the Group attached great importance to the prevention and control of pollution of the ecological environment and conducts monthly inspections on potential environmental hazards. The Group has also had waste quota in place, controlled key pollutants and strictly implemented environmental and water protection measures for wind and solar projects, which are designed, constructed and put into use at the same time as the main projects. Through analysis, identification and screening on each level of major environmental elements of wind and solar projects, power farms and power stations, the Company had made the relevant requirements for environmental protection to mitigate possible adverse environmental impacts. Effective environmental protection plans and countermeasures are formulated for each of the Group's regional wind and solar projects according to their nature, scale and location to ensure that all environmental protection work is carried out smoothly and that the supply of green energy is in harmony with the natural environment.

Hydro Projects

The hydro projects of the Group strictly comply with the environmental protection requirements of the local government. Being a renewable and clean energy resource, hydro projects almost discharge no pollutant. The requirements of the local government on hydro projects concern waste disposal, noise control, flow control and ecological protection.

Our requirements on waste disposal are implemented according to GB8978-1996 standard, we have achieved grade one standard in waste disposal with all indices up to standard. In respect of our requirements on noise control, they are implemented according to GBZ/T189.8-2007 "Work Place Physical Agents Measurement, Part VIII: Noise (《工作場所物理因素測量第8部分：噪音》)", GBZ2.2-2007 "Occupational Exposure Limits for Hazardous Agents in the Workplace, Part II:Physical Agents (《工作場所有害因素職業病接觸限制第2部分：物理因素》)" and Provision 20 of Order No.47 of State Administration of Work Safety, as well as the relevant requirements set out in the Laws on the Prevention and Control of Occupational Diseases (《職業病防治法》), all monitoring results are of the required standard, and there are no external complaints arising from noise emission. In respect of the flow control requirements for environmental protection, they are implemented according to the water resources distribution plan "One Station One Strategy" of local water authority. Real-time flow of ecological water going downstream was 15.6 cubic meters per second. There were no accidents caused by power generation flow change during the year ended 31 December 2020.

Thermal Projects (coal-fired, oil-fired, gas-fired including cogen)

The environmental protection systems and facilities of the Group's coal-fired and gas-fired power projects complied with applicable national and local environmental protection regulations. Environmental management in all of the Company's operating project companies met the relevant international standards and have been accredited with ISO14001 (environmental management system) certification. In addition, the Group's coal-fired and gas-fired power projects have their own environmental protection office and staff responsible for monitoring and operating its environmental protection equipment. Other than the "Continuous Emission Monitoring system (CEMS)", another "Remote Emissions Monitoring Systems (REMS)" are also equipped in all coal fired projects to continuously monitor power projects emissions at the relevant project companies. The Company has continued to invest substantially in energy saving and environmental upgrading facilities at the projects to comply with the regulations and emissions reduction. By the end of 2015, all de-sulfurization, de-nitration and particulate matter removal facilities have been installed and put into service as planned. By the end of 2017, the coal-fired power plants in operation (Nantong in Jiangsu and Huangshi in Hubei) have all completed the "Ultra low emission" technical improvement to further reduce the emission of NOx, SO_2 as well as dust, and have been receiving the environmental tariff rebate from the Government. The Group is of the view that the Group is not in material breach of any applicable environmental laws or regulations for the year ended 31 December 2020.

Management Discussion and Analysis

Air emissions of all existing thermal power plants in the PRC have met the more stringent latest national emissions regulation, which became effective on 1 January 2012. According to the PRC Air Pollution Prevention Law (《中華人民共和國大氣污染防治法》), a penalty of up to RMB1,000,000 is levied for non-compliance. The environmental laws and regulations also impose fines on enterprises which violate such laws, regulations or decrees and provide for other sanctions including the possible closure of any power projects which fail to rectify activities that cause environmental damage. For the year ended 31 December 2020, the Company had not received any sanctions to cease operation or rectification to environmental damages.

Korea

The Group is committed to the establishment of good standards of environmental protection and management practices. The environmental policies and facilities of our power projects in Korea are in compliance with the applicable national and local environmental protection regulations in Korea. Our power projects in Korea have their own environmental protection offices and staffs responsible for monitoring and operating its environmental protection equipment. Environmental monitoring system required by the applicable national and local environmental protection regulations are equipped in our power projects in Korea. Environmental management in our operating project companies meet the relevant international standards and have been accredited with ISO14001 (environmental management system) certification.

In addition, our power projects in Korea have passed the relevant supervisory inspections by the local government for air emission levels and environmental management. The Group is of the view that the Group is not in material breach of applicable environmental laws or regulations for the year ended 31 December 2020

Major Customers and Suppliers

Our primary customers are the electricity offtakers for our projects. Our primary suppliers are the fuel providers for our projects. Our largest customer is Korea Power Exchange ("**KPX**") and our largest supplier is Korea Gas Corporation ("**KOGAS**").

KPX is a non-profit, neutral and independent organization in South Korea's power industry. KPX ensures the reliability of power supply by coordinating the flow of electricity in all regions of South Korea. To secure future power reliability, KPX runs a sophisticated national planning process for generation and transmission expansion by active cooperation and coordination with the Korea government. KPX has become our largest customer since the combined cycle of Yulchon II Power Project commenced operations and we have maintained a business relationship with KPX since 2009.

KOGAS is an independent third party supplier of gas for Yulchon I Power Project, Yulchon I Fuel Cell Projects and Yulchon II Power Project in Korea. KOGAS is a publicly listed company on the Korean Exchange that engages in the production and distribution of gas in Korea. KOGAS was incorporated by the Korean government in 1983 and is the sole wholesale supplier of natural gas in Korea.

Other Update on the Properties in the PRC with Title Defects

Mianyang Sanjiang Meiya Hydropower Company Limited (綿陽三江美亞水電有限公司) has commenced construction work for the main structure in April 2020 and is expecting to complete such construction work during the first half of 2021. The tender process for the second renovation is currently underway and the second renovation will commence upon completion of the construction work for the main structure.

Management Discussion and Analysis

IV. RISK FACTORS AND MANAGEMENT

Risks Relating to the Industry

Our power projects are located in the PRC and Korea, both of which have undergone, and may continue to undergo, regulatory changes. Governmental regulations affect all aspects of our power project operations, including the amount and timing of electricity generation, the setting of tariffs, compliance with power grid controls, dispatch directives and environmental protection. Regulatory changes in the PRC and Korea can affect, among other things, dispatch policies, clean and renewable energy and environmental compliance policies and tariffs, and may result in a change of tariff setting procedures or mandatory installation of costly equipment and technologies to reduce environmental pollutants.

Further, the solar power projects are highly dependent on solar illumination conditions, and the wind power projects are dependent particularly on wind conditions. Extreme wind or weather conditions could lead to downtime of the wind power projects. Solar illumination conditions and wind conditions vary across seasons and locations, and could be unpredictable and are out of our control.

Risk Relating to Fuel Cost

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our power purchase agreement for a particular project, as we currently do not take any measures to hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decreases when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, while our Yulchon I Power Project is able to pass through our exposure to fuel price fluctuations through fuel cost pass through provisions in the tariff formula, our Yulchon II Power Project and Daesan I Power Project receive payments based on the system marginal price, which is influenced by market demand and supply, and may not fully reflect the power plants' respective fuel price fluctuations. Our diversified generation portfolio enables us to diversify the risks that we would face to utilize a single resource for electricity generation. In particular, our exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source.

Interest Rate Risk

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt with floating interest rates based on market prevailing rates. We undertake debt obligations to support asset acquisition and general corporate purposes including capital expenditures and working capital needs. Certain amount of our indebtedness is calculated in accordance with floating interest rate or interest rate that are subject to adjustment by our lenders. We periodically review the ratio of debt with floating interest rates to debt with fixed rates, taking into account the potential impact on our profit, interest coverage and cash flows.

Foreign Exchange Risk

The functional currency of the Company is US dollars, and our reportable profit is affected by fluctuations in foreign currency exchange rates. We collect most of our revenue from our projects in Renminbi and Korean Won, some of which are converted into foreign currencies to (1) purchase foreign-made equipment and parts for repair and maintenance; (2) make investments in certain joint ventures or acquire interests from other companies; (3) pay out dividends to the shareholders of our project companies; and (4) repay our outstanding debt. By managing and monitoring the risks of foreign currency, we ensure that appropriate measures are adopted effectively in a timely manner.

Management Discussion and Analysis

V. PROSPECTS

In 2021, the Company will continue to enhance its core competitiveness, and promote the synergy effect in scale, quality, efficiency and effectiveness, such that quality and sustainable development can be achieved. It is expected that the increase in planned capacity of the Company during the period for the 14th Five-Year Plan would be higher than that during the period for the 13th Five-Year Plan.

First, we are endeavored to carry out and consolidate sound lean management, while maintaining our core competitive advantage of lower cost of electricity:

(i) We will stick to a goal-oriented approach and strive to enhance the development and management of projects, with a view to steadily increasing our market share and project success rate.

(ii) A stringent approach will be adopted for project procurement management to ensure our timely access to adequate resources. For the purpose of ensuring our resources are available at any time, we aim to cut our average procurement costs to an extent that are below the industry level and shorten our cycle of procurement.

(iii) Strict control is implemented over the construction cost and construction time of projects. We will aim to lower the average construction cost of our wind power and photovoltaic projects to below the industry's average and strictly control the standard construction time of projects.

(iv) We will strictly control our finance cost and keep optimizing our asset structure and debt structure to ensure sound financial position can be maintained.

(v) Through application of information technology and lean management, we will closely monitor the increase in head count and solidify operation management, and in turn enhance operational efficiency of the Company.

(vi) By expediting the digitalization of operation, maintenance, inspection and repair as well as promoting smart operation and maintenance, the relevant operation and maintenance costs can be monitored effectively.

Second, we will innovate our technology and improve our layout in the industry with the hope that a new business development pattern driven by diversified source of growth can be developed:

The Company's innovation in technology will center around the improvement of the management of operation and maintenance of the existing power stations, tackling of the key technical problems faced by this new energy industry, and the preparation for developing emerging cutting-edge technologies that will affect the long-term development of the Company. For example, the Company may leverage of digitisation and intelligence and start utilizing data assets from new energy power stations to enhance the intelligent management in areas of engineering and operation and maintenance; the Group may also introduce intelligent operation and maintenance systems to improve the efficiency of power generation and reduce costs on operation and maintenance.

Third, we will deepen our reform in all aspect and further enhance the Company's corporate governance and management mechanism in order to revitalize the Company and unleash its potential:

With regard to the improvement on corporate governance, the Company will optimize the governance and control over the Company and its regional companies, and develop corporate governance and governance capability that are commensurate with a modern enterprise. With regard to the establishment of market-oriented operation mechanism, the Company will deepen the reform of the three systems, extend its effort on market-oriented employment and talent deployment, standardise the tenure for the management and implement contract-based management at managerial level, while further optimising the market-oriented mechanism for remuneration packages and striving to achieve a breakthrough in the mid- and long-term incentive mechanism.

Management Discussion and Analysis

IMPACT OF THE OUTBREAK OF COVID-19

The policy of the new energy industry in 2020 basically continued the policy guidance of 2019, but the external environmental uncertainty caused by the COVID-19 pandemic (the "**Outbreak**") had enormous impacts on the strategic layout, project development, project construction, production operation and maintenance of investment enterprises. Furthermore, subsidies for renewable energy had further declined, placing higher requirements on project resource endowments and cost control. As affected by the Outbreak, the landscape of electricity supply and demand has changed. Investment in new energy projects has shrunk significantly, and the application of parity bidding projects has lagged. Faced with frequent changes in policies and more fierce competition, the Company takes the initiative and comprehensive coordination with parity bidding as its core, continuously strengthens external cooperation with strategic partners to break through the situation, and continuously strengthens its internal coordination. At present, the Outbreak in the PRC has stabilized, but the Outbreak overseas has not been effectively controlled. The imported cases from abroad continue, and putting more pressure on the prevention of imported cases. Although the Outbreak in the PRC is under control overall, it is expected that the possibility of local Outbreak cannot be completely eliminated. It is likely that the novel coronavirus will co-exist with humans for a long time, and measures to prevention and control the Outbreak will become normalized. If the domestic Outbreak situation rebounds, it will to a certain extent, subject the Group to the following risks, by making it harder to develop new projects, slowing down the progress of project construction, causing partial power loss, and disrupting the industrial chain.

The Group expects that new installed capacity will maintain a steady growth in the year 2021. The Group will continue to monitor the overall impact of the Outbreak and control the relevant operational and financial risks. In order to limit the exposure to the Outbreak, the Group will establish a public health safety mechanism to deal with a variety of epidemic diseases, maintain a sound "company-region-site" three-level epidemic prevention and control and operation mechanism in the long run, and organize employees to receive vaccinations in an orderly manner in order to build a strong line of defense against the Outbreak. In accordance with the normalized Outbreak control measures, the Group will provide special funds to acquire and implement the use of epidemic prevention materials, and adjust the office work model according to the actual impact of the Outbreak to ensure payments are made in a timely manner. In addition, the Group will effectively increase the intensity of power marketing and reduce the power curtailment losses caused by the Outbreak. At the same time, the Group continues to promote cost reduction and efficiency enhancement. Through the whole process control of development, construction, production, operation and maintenance, the Group will conduct comprehensive assessment and provide incentives for integrated responsibility, and track the expenditures on a monthly basis to ensure that the sufficient cost-control work is in place.

EVENT OCCURRING AFTER THE REPORTING PERIOD

No important event or transaction affecting the Group has taken place after 31 December 2020.

POSSIBLE PRIVATISATION

On 28 February 2020, the Board was informed by CGN that it was considering a proposal in respect of using its wholly-owned subsidiary, CGN Energy International, as the potential offeror, to privatise the Company by way of scheme of arrangement which may result in the delisting of the Company (the "**Possible Privatisation**"). The Board was subsequently informed by CGN that it has decided not to proceed further with the Possible Privatisation. For details regarding the Possible Privatisation, please refer to the announcements of the Company dated 2 March 2020 and 30 September 2020.

Biographies of Directors and Senior Management

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

(1) Mr. CHEN Sui (陳遂)

Mr. CHEN Sui (陳遂), aged 56, is the Chairman and a non-executive Director. Mr. Chen has been a Director and the Chairman since 3 January 2014. He was re-designated from a non-executive Director to an executive Director on 26 January 2015 and was further re-designated as a non-executive Director on 12 July 2016. He is principally responsible for overall corporate strategies planning and business development of the Group. Mr. Chen also serves as the chairman of the nomination committee of the Company (the "**Nomination Committee**"). Currently, he is the chairman of CGN Wind Energy Limited (中廣核風電有限公司) ("**CGN Wind Energy**"). Mr. Chen serves as the non-employee representative supervisor of the supervisory committee and chairman of the supervisory committee of CGN Power Co., Ltd. (中國廣核電力股份有限公司) (a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Stock Code: 1816) ("**CGN Power**") with effect from 24 May 2017, the assistant president of China General Nuclear Power Corporation (中國廣核集團有限公司) ("**CGN**") with effect from 23 January 2018, and the chairman of CGN Energy Service Co., Ltd. (中廣核節能產業發展公司) with effect from 30 March 2017. He has been the chairman of the trade union of CGN since 10 October 2018 and a director representing ordinary employees of CGN since 22 October 2018. Mr. Chen was the chairman of CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 000881) from 30 July 2018 to 8 October 2018. He resigned as a director of CGN Europe Energy Co., Ltd. (中廣核歐洲能源公司) on 16 April 2018. Mr. Chen has over 30 years of experience in strategic planning, renewable energy development, construction, operation management and energy conservation management. He has previously served as an assistant to the head of infrastructure planning division of the planning department of CGN, deputy general manager and manager of new energy development department of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司), general manager of CGN Wind Energy. Prior to joining CGN, Mr. Chen worked as project manager and department manager of the business enterprise department of China Energy Conservation Investment Corporation (中國節能投資公司), general manager of Beijing Guotou Energy Conservation Company (北京國投節能公司) under China Energy Conservation Investment Corporation. Mr. Chen received the qualification of Senior Engineer from the Senior Specialized Technical Services Qualification Committee for China Energy Conservation Investment Corporation (中國節能投資公司高級專業技術職務評審委員會) in December 2000. Mr. Chen obtained a Bachelor Degree in Engineering with a concentration in liquid rocket engine from National University of Defense Technology (國防科學技術大學) in July 1987 and a Master Degree in Management Engineering from Shanghai Jiao Tong University (上海交通大學) in November 1996.

PRESIDENT AND EXECUTIVE DIRECTOR

(2) Mr. LI Yilun (李亦倫)

Mr. LI Yilun (李亦倫), aged 48, the President and an executive Director. Mr. Li joined the Company in January 2015 and served as the senior vice president. He is also currently serving as a member of Party Standing Committee of CGN, and an executive director and general manager of CGN Wind Energy. Prior to joining the Company, Mr. Li held several positions in Inner Mongolia Wind Power Corporation (內蒙古風電公司) from July 1997 to June 2006, including operation inspector, supervisor and deputy head of infrastructure department, and head of production and technical department, as well as plant manager of wind power plant in Huitengxile (輝騰錫勒風電廠). He was the deputy director of Huanghai Wind Power Preparatory Office of Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) from June 2006 to April 2007. From April 2007 to March 2012, he served several positions in CGN Wind Power Company Limited (中廣核風力發電有限公司) ("**CGN Wind Power**") including deputy general manager of the Eastern China Branch, acting general manager of Jilin Branch, general manager of the Northeast China Branch and the assistant to the general manager of CGN Wind Power. Since March 2012, Mr. Li has been working in CGN Wind Energy. He was the deputy general manager from March 2012 to January 2015 and he was the deputy secretary to the Communist Party Committee from January 2015 to January 2018, and he has been the general manager since January 2015. Mr. Li obtained a Bachelor Degree in Engineering majoring in Power System and Automation from China Agricultural University (中國農業大學) in July 1997, and a Master Degree in Engineering majoring in Safety Technology and Engineering from Chinese University of Mining and Technology (中國礦業大學) in August 2005. Mr. Li holds profession qualification as a senior engineer in the People's Republic of China ("**PRC**").

Biographies of Directors and Senior Management

EXECUTIVE DIRECTOR

(3) Mr. ZHANG Zhiwu (張志武先生)

Mr. ZHANG Zhiwu (張志武), aged 51, was appointed as an executive Director on 22 January 2020. Currently, he is the director of CGN Wind Energy. Mr. Zhang joined the Company as a senior vice president in December 2019. Prior to joining the Company, Mr. Zhang worked in the Salary and Welfare Department of the Ministry of Personnel from June 1995 to October 1998. He has successively served as a cadre member of the General Office and the deputy principal staff member of the Allowance Office. He took a temporary post and received training in the Economic and Trade Commission of Daxing County, Beijing (北京市大興縣經貿委) from May 1997 to May 1998; Mr. Zhang served as the deputy principal staff member of the General Welfare Office of the Salary, Welfare and Retirement Department of the Ministry of Personnel (人事部工資福利與離退休司綜合福利處) from October 1998 to November 1999, and served as the principal staff member of the fourth division of enterprise department of the Enterprise Leaders Administrative Bureau (Department of Personnel) of the Ministry of Personnel (人事部企業領導人員管理局 (人事司) 企業四處) from November 1999 to December 1999. He served as a section-level cadre member of the fourth division, the institution human resource division, and the third division of the State-owned Enterprises Working Committee Organization Department (中央企業工委組織部) from December 1999 to June 2003. From June 2003 to November 2010, Mr. Zhang worked in the second bureau of the Enterprise Leaders Administrative Bureau of the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會企業領導人員管理二局), and successively served as the principal staff member of the sixth division, and positions such as assistant investigator, associate investigator, and investigator of the sixth division. He took a temporary post and received training in FAW Group Corporation (中國第一汽車集團公司) from October 2005 to October 2006. From November 2010 to January 2012, Mr. Zhang served as the deputy general manager of the human resources department of China Guangdong Nuclear Power Holding Co., Ltd. (中國廣東核電集團有限公司), and was responsible for chairing. From January 2012 to December 2019, Mr. Zhang served as the director of the department of party affairs (renamed as the party team working division from January 2017 to June 2018) of China Guangdong Nuclear Power Holding Co., Ltd. (renamed as China General Nuclear Power Corporation (中國廣核集團有限公司) in April 2013). From March 2012 to December 2019, he served as the direct deputy secretary of the Party Committee of CGN. Mr. Zhang graduated with a Bachelor Degree in industrial engineering management from the University of Science and Technology Beijing (北京科技大學) in June 1992, a Master Degree in labor economics from the Beijing University of Economics (北京經濟學院) in June 1995, and a Doctorate Degree in national economics from the Guanghua School of Management, Peking University (北京大學光華管理學院) in July 2000.

NON-EXECUTIVE DIRECTOR

(4) Mr. XIA Linquan (夏林泉)

Mr. XIA Linquan (夏林泉), aged 59, was appointed as a non-executive Director, the chairman of the investment and risk management committee of the Company (the "**IRM Committee**"), a member of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee of the Company ("**Remuneration Committee**") on 24 March 2021. Mr. Xia has been a director of CGN Nuclear Power Operations and Management Co., Ltd. (中廣核核電運營有限公司) since January 2021. Mr. Xia is a senior political work specialist (高級政工師) and has over 36 years of experience in the management of power companies, development of nuclear power plants and their construction. From September 1984 to October 1992, Mr. Xia worked for Guangdong Nuclear Power Services Corporation (廣東核電服務總公司) and Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司), respectively. In October 1992, Mr. Xia joined Lingao Nuclear Power Co., Ltd. (嶺澳核電有限公司) and served for 11 years until January 2003, during which he held various positions and his last role held was the secretary to the disciplinary commission of the engineering department. From January 2003 to January 2008, Mr. Xia worked for Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司), Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限責任公司) and China Nuclear Power Design Co., Ltd. (Shenzhen) (深圳中廣核工程設計有限公司). From January 2008 to July 2015, Mr. Xia was the deputy general manager of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司). Subsequently, he was the Secretary of the Party Committee and general manager of CGN Cangnan Nuclear Power Co., Ltd. (中廣核蒼南核電有限公司) until January 2021. Mr. Xia graduated from Nanjing Institute of Technology (南京工學院) with a degree in Power Systems and Automatic Chemistry (電力系統及其自動化學系) in July 1983. He then obtained a postgraduate degree in Industrial Engineering (工程研究生學位) from Huazhong University of Science and Technology in June 2006.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

(5) Mr. WANG Minhao (王民浩)

Mr. WANG Minhao (王民浩), aged 62, has been an independent non-executive Director since 26 June 2018. Mr. Wang also serves as the chairman of the Remuneration Committee and a member of the Nomination Committee. He participated in the design of the Longyangxia and Daxia Hydropower Stations and served as the vice president of Northwest Engineering Corporation (西北勘測設計院) in 1993. He was the deputy general manager of China Hydropower Engineering Consulting Group Co. (中國水電顧問集團公司), and the deputy general manager of China Water Conservancy & Hydropower Consulting Co., Ltd. (中國水利水電工程諮詢有限公司) from March 2000 to September 2011. Mr. Wang graduated from Xi'an University of Technology (西安理工大學) (formerly known as Shaanxi Institute of Mechanical Engineering (陝西機械學院)) of Hydraulic Engineering and obtain a Master Degree in Engineering from Xi'an University of Technology (西安理工大學) in April 2003. He was a registered structural engineer. Mr. Wang was retired on 25 February 2019 and ceased to act as deputy general manager and a member of Party Standing Committee of Power Construction Corporation of China (中國電力建設集團(股份)有限公司) in March 2019; ceased to act as the chairman and the legal representative of the Powerchina Water Environment Governance Co., Ltd (中電建水環境治理技術有限公司) on 16 May 2019.

(6) Mr. YANG Xiaosheng (楊校生)

Mr. YANG Xiaosheng (楊校生), aged 68, has been an independent non-executive Director since 26 June 2018. Mr. Yang also serves as a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the IRM Committee. Mr. Yang is currently the president of Chinese Wind Energy Equipment Association (中國農業機械協會風電設備分會). He is currently an independent non-executive director of Shandong Laiwu Jinlei Wind Power Technology Co., Ltd. (山東萊蕪金雷風電科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 300443). Mr. Yang resigned as an independent non-executive director of Titan Wind Energy (Suzhou) Co,. Ltd. (天順風能(蘇州)股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 002531), Xinjiang Goldwind Science & Technology Co., Ltd. (新疆金風科技股份有限公司) (a company listed on the Stock Exchange, Stock Code: 2208) in May and June 2019 respectively. He has previously served as a deputy director of the energy and electricity generation sub-department of the Ministry of Energy (能源部農電司新能源發電處), a deputy general manager and chief engineer of China Fulin Windpower Development Corp. (中國福霖風能開發公司) and a chief engineer of Longyuan Power Group Limited (龍源電力集團公司) from May 1988 to January 2007. From June 2007 to April 2012, he served several positions in China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司) including the chief engineer, manager of the development department, technical development department and safety production department, a director of preparatory office of wind energy research centre, technical information department, renewable energy research and development centre and Jiangsu Longyuan Offshore Wind Power Project. He also served as a committee member of the Beijing Direct Committee of the Chinese Community Party Longyuan Power Group Company (中共龍源電力集團公司) from July 2006 to December 2010. Mr. Yang was the general manager of the Suzhou Longyuan Bailu Wind Power Vocational Technology Training Center Co., Ltd. (蘇州龍源白鷺風電職業技術培訓中心有限公司) from July 2007 to April 2012. Mr. Yang graduated from Wuhan Polytechnic University (武漢工學院) of Electronic Engineering in January 1982 and obtained a Postgraduate Degree in Electricity from China Agricultural University (北京農業工程大學) in October 1986.

Biographies of Directors and Senior Management

(7) Mr. LEUNG Chi Ching Frederick (梁子正)

Mr. LEUNG Chi Ching Frederick (梁子正), aged 62, has been an independent non-executive Director since 17 September 2014. Mr. Leung also serves as the chairman of the Audit Committee and appointed as a member of IRM Committee on 22 January 2020. Mr. Leung has over 30 years of professional and industrial experience in management, corporate governance, corporate finance, banking and accounting. Mr. Leung was appointed as an independent non-executive director and a member of the audit committee and nomination committee of China Logistics Property Holdings Co., Ltd (a company listed on the Stock Exchange, stock code: 1589) on 14 June 2016. He was previously an executive director, chief finance officer and company secretary of Skyworth Digital Holdings Limited ("**Skyworth**") (a company listed on the Stock Exchange, Stock Code: 751). In his almost nine years of services in Skyworth, he was mainly responsible for the company's successful resumption of trading of its shares and strengthening of its internal controls, accounting system, corporate governance and investor relations management. In 2011 and 2013, Skyworth was awarded by Asia Money as the Best Managed Medium Cap Company in China of 2011 and by Forbes as Asia's Fabulous 50 of 2013, respectively. Furthermore, Mr. Leung accumulated 14 years' working experience in Deloitte Touche Tohmatsu. He left Deloitte Touche Tohmatsu in June 1999 as a principal of corporate finance. Mr. Leung obtained a Bachelor Degree of Science in Business Administration (major in Accounting) from the University of The East in the Philippines in November 1981. He became an associate member of the Hong Kong Institute of Certified Public Accountants in April 1997 and has been its fellow member since October 2013. Also, he has been a member of the American Institute of Certified Public Accountants since December 1996. He has been a member of the Hong Kong Securities and Investment Institute since April 1999 and has been its fellow member since November 2015. In addition, he has been a founding member of the Hong Kong Independent Non-Executive Director Association since November 2015.

Mr. Leung was previously a non-executive director of Richly Field China Development Limited ("**Richly Field**") (a company listed on the Stock Exchange, Stock Code: 313), which was incorporated in the Cayman Islands and continued in Bermuda with limited liability. He joined Richly Field as an independent non-executive director on 2 May 2003 and was appointed as an executive director on 3 March 2004. He was re-designated as a non-executive director on 1 May 2005 and he resigned from the directorship on 4 March 2006. Since his resignation as a non-executive director of Richly Field on 4 March 2006, Mr. Leung has no involvement in any matters relating to Richly Field. During Mr. Leung's tenure of directorship with Richly Field, Richly Field and its then subsidiaries were engaged in the building construction and maintenance industry including building work, design and construction and building maintenance in Hong Kong. As disclosed in the public announcements made by Richly Field, a winding up petition was served on it on 30 June 2006 by a public accounting firm for an unpaid service fee of approximately HK$593,000. On 18 December 2006, the winding up petition for Richly Field was heard in the High Court of Hong Kong and winding up order was made against Richly Field. On 29 May 2007, the High Court of Hong Kong made an order to appoint joint and several liquidators and committee of inspection of Richly Field. The winding up order against Richly Field was permanently stayed effective on 23 July 2008 and the joint and several liquidators were discharged with effect from 23 July 2008.

GENERAL

Save as disclosed above,

(1) the Directors did not hold any directorship in other listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the date of this report and do not hold any other positions with the Company or other members of the Group; and

(2) the Directors do not have other relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

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Biographies of Directors and Senior Management

SENIOR MANAGEMENT

(1) Mr. LI Yilun (李亦倫)

Mr. LI Yilun (李亦倫) is the President of the Company. See "President and Executive Director" in this report for details of Mr. Li's biography.

(2) Mr. ZHANG Zhiwu (張志武)

Mr. ZHANG Zhiwu (張志武) is a senior vice president of the Company. See "Executive Director" in this report for details of Mr. Zhang's biography.

(3) Mr. LI Jing (李靖)

Mr. LI Jing (李靖), aged 55, is currently the Deputy General Manager of the Company. Mr. Li joined the Company in January 2015. Prior to joining the Company, Mr. Li served in the design division of nitrogenous fertiliser factory of Nanning Chemical Industry Co., Ltd. (南化公司氮肥廠) from July 1987 to February 1992; manager office of the engineering department of Lingao Nuclear Power Co., Ltd. from February 1992 to June 1994; the production department of Guangdong Nuclear Power Joint Venture Co., Ltd. from July 1994 to March 2003; and the maintenance department of Daya Bay Nuclear Power Operations and Management Co., Ltd from March 2003 to August 2004. From September 2004 to May 2010, he held several positions in the commissioning department of China Nuclear Power Engineering Co., Ltd., including the head of commissioning division for nuclear islands, manager assistant and head of commissioning division for nuclear islands, manager assistant and director of the commissioning manager office. From May 2010 to June 2011, he was the deputy general manager of safety and engineering management department and from June 2011 to May 2014, he was the deputy general manager and general manager of safety and information management department of CGN. Mr. Li served as deputy general manager of safety and quality assurance department of CGN from January 2013 to January 2015, and concurrently as deputy general manager of safety and quality assurance department of CGN Power since May 2014. From January 2015 to January 2016, Mr. Li served as chief safety officer of CGN Meiya Power Holdings Co., Limited. From January 2016 to January 2018, he served as the chief safety officer of the Company. Mr. Li served as the member of the party committee and deputy general manager of the Company from January 2018, and served as the member of the Party Committee of CGN Wind Energy from November 2019. Mr. Li obtained a bachelor's degree in engineering majoring in chemical engineering from Nanjing College of Chemical Engineering (南京化工學院) in July 1987, and a Master Degree in Engineering majoring in industrial engineering from Huazhong University of Science and Technology (華中科技大學) in February 2001. Mr. Li holds professional qualification as a senior engineer.

(4) Mr. LIU Luping (劉路平)

Mr. LIU Luping (劉路平), aged 57, is currently the Deputy General Manager of the Company. Mr. Liu joined the Company in January 2014 and served as the senior vice president and the chief engineer of the Company. Currently, he is principally responsible for the works in the department of conventional energy management, national solar thermal research & development center, design management and technology and economy department technology committee of the Company. He is also in charge of certain regional branches of the Company. Mr. Liu has over 36 years of experience in technological research and design, construction management and investment management in the renewable energy sectors including hydraulic-and-hydro power, wind power, solar energy. Prior to that, Mr. Liu worked at Hydrochina Corporation Zhongnan Engineering Corporation (中國水電顧問集團中南勘測設計研究院) over 29 years, where he started as a Technician in July 1984 and his last role held was vice director. Mr. Liu obtained the Senior Engineer (高級工程師) qualification from Zhongnan Engineering Corporation of the Ministry of Electric Industry of the PRC (中國電力工業部中南勘測設計研究院) in December 1994 and the Senior Economist (高級經濟師) qualification from Zhongnan Engineering Corporation (國家電力公司中南勘測設計研究院) in December 1998, the State Registered Supervision Engineer (國家註冊監理工程師) qualification from the Ministry of Personnel and the Ministry of Construction of the PRC (中華人民共和國人事部和建設部) in May 1998, the Professor Level Senior Engineer (教授級高級工程師) qualification from Hydrochina Corporation (中國水電工程顧問集團公司) in December 2003 and the Senior Project Manager (高級項目管理師) qualification from Occupational Skills Testing Authority of the Ministry of Labour and Social Security (勞動和社會保障部職業技能鑒定中心) in July 2006. He has also won several Provincial Science and Technology Progress Awards (省部級科技進步獎). Mr. Liu obtained a Bachelor Degree in Solid Mechanics from Central Institute of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in July 1984 and an EMBA Degree from Huazhong University of Science and Technology in December 2008.

Biographies of Directors and Senior Management

(5) Mr. LIU Chao (劉超)

Mr. LIU Chao (劉超), aged 44, was appointed as the chief accountant of the Company in January 2018. He joined the Company in August 2016 and served as the general manager of finance department. Mr. Liu is currently serving as the chief accountant of CGN Wind Energy. Prior to joining the Company, Mr. Liu was the cost accountant of finance department of Xuzhou Wei Yang Food Co., Ltd. (徐州維揚食品有限公司) from July 1998 to August 2000. From May 2003 to August 2005, Mr. Liu served as the project manager of the audit department of Shinewing Certified Public Accountants (信永中和會計師事務所). From September 2005 to March 2010, Mr. Liu was the manager of the finance and audit department of China United Tally Co., Ltd. (中聯理貨有限公司). From March 2010 to April 2012, he was the deputy general manager of the finance department of China Wind Power Group Limited (中國風電集團有限公司). Mr. Liu served as deputy manager and general manager of the finance department of CGN Wind Energy from May 2012 to June 2015, and he has been the chief accountant since June 2015. Mr. Liu obtained a Bachelor Degree in Economic majoring in Business Administration from Anhui University of Science and Technology (安徽理工大學) in June 1998, and a Master Degree in Economic majoring in Economics and Finance from Beijing Information Science and Technology University (北京信息科技大學) in May 2003. Mr. Liu holds professional qualifications as Certified Public Accountant in the PRC, and he is a member of the Association of Chartered Certified Accountants (ACCA).

(6) Mr. JIANG Xicheng (蔣錫成)

Mr. JIANG Xicheng (蔣錫成), aged 57, joined the Company in January 2016, and is currently the secretary to the discipline inspection commission of the Company. Mr. Jiang served at the No. 5 Sub-factory of the China Nuclear Industry 404 Plant from September 1982 to April 1984; worked at the Public Security Bureau of Gansu Mining Area (甘肅礦區) from April 1984 to November 1991, and later at the Daya Bay Branch of the Shenzhen Public Security Bureau from November 1991 to December 2007. He successively held various positions including the head of disciplinary inspection office under the party work department, the assistant manager of the legal and audit inspection department and the deputy manager of the inspection and audit department of China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from December 2007 to July 2015, and worked as the deputy secretary to the disciplinary commission of CGN Wind Energy from October 2015 to December 2015. Mr. Jiang graduated from Gansu Radio and TV University (甘肅廣播電視大學) and obtained the Diploma in Law in July 1991, and graduated from Xi'an Political College with a Bachelor's Degree in Law in July 2003.

(7) Mr. ZHANG Chaoqun (張超群)

Mr. ZHANG Chaoqun (張超群), aged 53, is currently the Deputy General Manager of the Company, and served as the general manager of the merger and acquisition department of the Company. Prior to joining the Company, Mr. Zhang has worked for Henan Xinyang Pingqiao Power Station (河南信陽平橋電廠) and Henan Xinyang Huayu Power Station (河南信陽華豫電廠) from September 1989 to January 1997. He has worked for Datang Xinyang Huayu Power Generation Co., Ltd. (大唐信陽華豫發電有限責任公司) from January 1997 to April 2007, and served successively as manager and assistant general manager of integrated management department and manager of Engineering Department. From April 2007 to January 2012, he has successively worked at the initial business planning division of the planning department and the new projects development division of central region at China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) and served as project manager of central China. From February 2012 to August 2016, he worked for the Southwest Branch of CGN Wind Energy, and served successively as deputy general manager and general manager. From March 2014 to August 2016, he was also the general manager of the Sichuan Branch (the "**Sichuan Branch**") of CGN Wind Energy. Mr. Zhang was appointed as the general manager of the Yunnan Branch of the Company from August 2016 to December 2017. From August 2016 to March 2017, he also served as the general manager of Sichuan Branch. Mr. Zhang obtained a Bachelor of Engineering of Commercial and Civil Building from Zhengzhou University (formerly known as Zhengzhou University of Technology) in 1989.

Biographies of Directors and Senior Management

(8) Mr. ZHANG Jianzhong (章建忠)

Mr. ZHANG Jianzhong (章建忠), aged 58, joined the Company in August 2016 and is currently the deputy general manager of the Company as well as the person-in-charge of Engineering Department of CGN Wind Power and CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司), mainly in charge of the commercial contracts department and legal department. Prior to joining the Company, Mr. Zhang successively served as assistant engineer of Lisheng Machinery Factory, assistant engineer of Industrial Design Institute, engineer of the Fifth Design Institute of Weapon Industry Ministry, and senior engineer of Industrial Design Institute in Ministry of National Defense of Jiangxi Province during the period of August 1982 to December 1993. He served as assistant president in Shenzhen (HK) Super Advance Group (深圳(香港)超順集團) from December 1993 to December 1995, and served as manager of Beijing Guotou Energy Conservation Company (北京國投節能公司) from December 1995 to February 1996. Mr. Zhang served as deputy general manager of Beijing Xingye Industrial Co. Ltd. (北京興業實業股份公司) from February 1996 to March 1999, and served as department manager of Beijing Guotou Energy Conservation Company (北京國投節能公司) from March 1999 to July 1999, and deputy general manager of Beijing Hualixing Sci-tech Development Co., Ltd. (北京華力興科技發展有限責任公司) from July 1999 to March 2008. Mr. Zhang joined CGN Wind Power on 17 March 2008 and served several positions, including assistant manager and deputy manager of engineering department from March 2008 to February 2010, general manager of commercial contracts department from February 2010 to March 2012, manager of commercial contracts department of CGN Wind Energy from March 2012 to January 2013. He served as general manager of engineering projects department of CGN Wind Energy from February 2013 to June 2015 and served as deputy general manager of CGN Wind Energy from June 2015 to January 2018 as well as general manager of the construction center of CGN Wind Energy from June 2015 to August 2016. He was in charge of the engineering projects department of the Company from August 2016 to April 2019. Mr. Zhang obtained a Bachelor Degree of internal combustion engines from Jiangxi University of Science (江西工學院) and Technology in July 1982 and a Master Degree of Business Administration from the University of International Business and Economics (對外經濟貿易大學) in June 2005.

(9) Mr. LI Guangming (李光明)

Mr. LI Guangming (李光明), aged 44, is the deputy general manager of the Company. Mr. Li joined the Company in August 2016. Prior to joining the Company, Mr. Li was the project manager of the substation branch (變電分公司) of Jilin Power Transmission and Transformation Engineering Company (吉林省送變電工程公司) from July 2000 to January 2010, he served as the assistant to the general manager in general manager office of the northeast branch of CGN Wind Power from January 2010 to May 2012. From May 2012 to February 2013, Mr. Li was an assistant to the general manager in general manager office of the Jilin branch (吉林分公司) of CGN Wind Power, and acted as the deputy regional engineering director (Greater Northern China Region) (工程區域副總監(大華北區)) of engineering department of CGN Wind Power from February 2013 to January 2014. From January 2014 to February 2015, he was the regional engineering director (Northern China Region) (工程區域總監(華北區)) of engineering department of CGN Wind Power, the deputy general manager (presiding over the work) of the Northern China Branch of CGN Wind Power and the regional director for Northern China of the engineering department of CGN Wind Power from March 2015 to August 2016, the general manager of the Shanxi Branch (山西分公司) and Hebei Branch (河北分公司) of CGN New Energy Investment (Shenzhen) Company Limited (中廣核新能源投資(深圳)有限公司) from August 2016 to October 2016, the general manager of Shanxi Branch (山西分公司) and Hebei Branch (河北分公司) of CGN New Energy Investment (Shenzhen) Company Limited and its regional director for Northern China from August 2016 to June 2018. Mr. Li was the deputy general manager of Engineering Department of the Company from June 2018 to May 2019. He was the Party Branch Secretary (黨支部書記) and General Manager of the Engineering Department of the Company. Mr. Li obtained his bachelor's degree from Sichuan University in 2000.

Biographies of Directors and Senior Management

(10) Mr. ZHENG Haiming (鄭海明)

Mr. ZHENG Haiming (鄭海明), aged 45, is the deputy general manager of the Company. Mr. Zheng joined the Company in February 2011. Prior to joining the Company, Mr. Zheng was a technician, shift leader, engineer and deputy officer of Yuanbaoshan Power Plant (元寶山電廠) from July 1996 to June 2005. From May 2005 to April 2009, he was the director and director of marketing and development department of the Inner Mongolia Branch (內蒙古分公司) of State Grid XinYuan Co. Ltd. (國網新源有限公司), he served as the chief engineer of the State Wind and Light Storage Demonstration Project (國家風光儲示範工程) of State Grid Xinyuan Holdings Co. Ltd. (國網新源控股有限公司) from April 2009 to February 2011, the deputy general manager and general manager of Liaoning Branch (遼寧分公司) of CGN Wind Energy from February 2011 to August 2013, the general manager of Inner Mongolia Branch of the Company from August 2013; and was appointed as the deputy general manager of the Company since December 2020. Mr. Zheng obtained a bachelor's degree of electrical engineering and automation from Northeast Electric Power University in July 1996, and received the qualification of senior engineer. Mr. Zheng has experience in production and operating of new energy and company management.

(11) Mr. LU Hao (鹿浩)

Mr. LU Hao (鹿浩), aged 57, is the chief engineer of the Company. Mr. Lu joined the Company in September 2020. Prior to joining the Company, Mr. Lu was an engineer of Inner Mongolia Electric Power Survey and Design Institute (內蒙古電力勘測設計院) from July 1987 to November 1995, the deputy director and director of the engineering department of Inner Mongolia Wind Power Generation Company (內蒙古風力發電公司) from December 1995 to November 2000, the project manager of Inner Mongolia Ultra High Voltage Power Supply Bureau (內蒙古超高壓供電局) from December 2000 to June 2001, the deputy manager of the international branch (國際分公司) of Beijing Guodian North China Power Engineering Co. Ltd. (北京國電華北電力工程有限公司) from July 2001 to September 2004, the general manager of Inner Mongolia Jingneng Wind Power Company Limited (內蒙古京能風電有限公司), a subsidiary of Beijing Energy Investment Limited (北京能源投資集團公司) from September 2004 to August 2006, the director of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司) from August 2006 to April 2007, the assistant to the general manager in general manager office of CGN Wind Power from April 2007 to May 2013, the assistant (rank 12th) to the general manager in general manager office of CGN Wind Power from May 2013 to June 2015, the member of the party committee and secretary (rank 12th) of the disciplinary committee of the general manager office of CGN Solar Energy Development Co., Ltd. from June 2015 to December 2016, the provisional member of the party committee and secretary of the disciplinary committee of the general manager office of CGN Nuclear Technology Application Co., Ltd from December 2016 to February 2017, the member of the party committee and secretary of the disciplinary committee of the general manager office of CGN Nuclear Technology Development Co., Ltd. from February 2017 to September 2020. Mr. Lu obtained his bachelor's degree from Wuhan University of Hydraulic and Electrical Engineering in 1987.

(12) Mr. CHEN Shengli (陳勝利)

Mr. CHEN Shengli (陳勝利), aged 48, is currently the assistant general manager, the general manager of human resources department, and the secretary of the party branch of the Company, mainly in charge of the human resources department of the Company. Mr. Chen joined the Company in September 2017. Prior to joining the Company, Mr. Chen worked in Guangdong Nuclear Power Joint Venture Co., Ltd. (廣東核電合營有限公司) from July 1992 to March 2004, and worked in Daya Bay Nuclear Power Operations and Management Co., Ltd. (大亞灣核電運營管理有限公司) from March 2004 to November 2006. From November 2006 to December 2014, he served serval positions in China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司), including director and deputy director (in charge of overall operation) of human resources department/policy and planning department, director of department of party affairs/organization division, director of human resources and logistic support department/organisation and staff development, assistant manager of human resources department and director of organization and staff development department, and deputy manager of human resources department. Mr. Chen served as deputy general manager and deputy general engineer of CGN Huizhou Nuclear Power Co., Ltd (中廣核惠州核電有限公司) from December 2014 to November 2016, and served as general manager and director of CGN Yangxi Nuclear Power Co., Ltd (中廣核陽西核電有限公司) from December 2016 to September 2017. Mr. Chen obtained a Bachelor Degree of Administration from Sun Yat-Sen University in December 2003.

Biographies of Directors and Senior Management

(13) Mr. LONG Yingbin (龍應斌)

Mr. LONG Yingbin (龍應斌), aged 50, is currently the assistant general manager of the Company. Mr. Long joined the Company in November 2018. Prior to joining the Company, Mr. Long was a student and monitor of satellite communication major of Communication Engineering Department of the PLA Information Engineering University (解放軍信息工程大學) from September 1989 to July 1993. He was a post-graduate student and deputy monitor of master of military informatics major of Information Science Department of the PLA Information Engineering University (解放軍信息工程大學) from July 1993 to January 1996. He served as assistant engineer of science and technology equipment department, staff officer of the headquarter training, and engineer in Unit 61785 of the General Staff Department (總參61785部隊) from January 1996 to September 2003. From September 2003 to December 2008, he served as deputy director of general office, principal staff member, member of party branch organization committee and youth committee, secretary of league branch, and member of the first official league committee in the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), and from January 2009 to October 2016, he served as director of general office of Foreign Affairs Bureau and member of party publicity branch in the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). Mr. Long served as member of the party committee and deputy general manager of China Eastern Airlines Beijing Branch (東方航空北京分公司) from November 2013 to May 2015, and was in charge of operating profits, finance planning, result reviewing, strategy developing and management training and so on. From May 2014 to May 2016, he was elected by Civil Aviation Administration of China to join the Aviation Management EMBA Case Study, which was co-organized by Tsinghua University School of Economics and Management (清華經管學院), École des Ponts ParisTech (法國國立路橋大學) and École Nationale de l'Aviation Civil (法國國立民用航空大學), and obtained the EMBA Degree from Business School of École des Ponts ParisTech. He was the director of general office and a member of party branch organization committee of the international cooperation bureau in the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) from October 2016 to November 2018. Mr. Long obtained a Master Degree of Military Informatics from Information Science Department of the PLA Information Engineering University (解放軍信息工程大學) in July 1996, and an EMBA Degree from Business School of École des Ponts ParisTech in May 2016.

(14) Mr. LEE Kin (李健)

Mr. LEE Kin (李健), aged 48, joined the Company on 1 June 2007 as the controller. He has been the company secretary of the Company since 26 January 2015. He has experience in public accounting and several industries including energy, media and ports. He has over 20 years of experience in areas of accounting, internal control, financing, investor relations and corporate strategy. Mr. Lee obtained a Bachelor Degree in Engineering from the Chinese University of Hong Kong in 1994, Master of Business Administration from the University of Warwick, United Kingdom in 2004 and Master of Corporate Governance (with distinction) from the Hong Kong Polytechnic University in 2013. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA), the Association of Chartered Certified Accountants (ACCA), the Hong Kong Institute of Chartered Secretaries (HKICS) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators (ICSA)) in the United Kingdom, a member of the Chartered Institute of Management Accountants (CIMA) and a Chartered Financial Analyst (CFA) respectively. He is currently a council member and the chairman of Audit Committee of Hong Kong Baptist University, and a council member of ACCA. He is the former chairman of the ACCA – Hong Kong branch (2015-16).

Biographies of Directors and Senior Management

(15) Mr. ZHOU Zhigang (周志剛)

Mr. ZHOU Zhigang (周志剛), aged 50, is currently the chief safety officer of the Company. Mr. Zhou joined the Company in August 2016. Prior to joining the Company, Mr. Zhou worked in Lingao Nuclear Power Co., Ltd. (嶺澳核電有限公司) from August 1995 to March 2004. He served several positions in China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from March 2004 to July 2007, including engineer of the safety management office of Safety and Quality Assurance Department, deputy director of the safety and quality assurance office of Yangjiang Project Department, and director of Safety and Quality Assurance Department in Yangjiang Branch. From July 2007 to May 2012, he served as director of safety management office and senior manager of safety management of Production Safety and Technology Management Department, director of safety and quality control office of Safety and Information Management Department in CGN. He was the deputy general engineer of the general manager office of CGN Wind Power from June 2012 to August 2016. He served as deputy general manager (in charge of overall operation) of Operation and Maintenance Department of the Company from August 2016 to June 2018; served as general manager of safety and quality department of the Company from June 2018 to August 2018; served as chief safety officer from August 2018. Mr. Zhou obtained a Master Degree of geological engineering from China University of Ecosciences (Wuhan) (中國地質大學(武漢)) in May 2002, and a Bachelor Degree of Safety Engineering from Wuhan Geological Institute in July 1995.

(16) Mr. XU Jiapeng (許嘉鵬)

Mr. XU Jiapeng (許嘉鵬), aged 46, is currently the general counsel of the Company. Mr. Xu jointed the Company in January 2015. Prior to joining the Company, Mr. Xu served as secretary/judge's assistant of China Association of Judges in Supreme People's Court from July 1997 to June 2002, served as lawyer of Capital Markets Department of Jia Yuan Law Offices (北京市嘉源律師事務所) from July 2002 to June 2003, and also served as lawyer of General Affairs Department of Beijing S&P Law Firm (北京市尚公律師事務所) from July 2003 to September 2005. From September 2005 to January 2010, he worked as deputy general manager of Legal Department in Hanergy Holding Group Limited (漢能控股集團有限公司). From January 2010 to January 2014, he successively served as senior legal officer, legal management manager and director of legal affairs office in CGN Wind Power, and later from January 2014 to January 2015, he served as deputy general manger of Legal Department. Mr. Xu served as temporary person-in-charge of Legal (in charge of overall operation) Department of the Company from January 2015 to July 2017; he served as the general manager of Legal Department of the Company from July 2017 to October 2019; served as the general counsel and the general manager of Legal Department of the Company from October 2019 to January 2021. Mr. Xu currently is the general counsel of the Company from January 2021. Mr. Xu obtained a Bachelor Degree of International Economic Law from China University of Political Science and Law in 1997, and a Master Degree of Civil Law and Commercial Law from Peking University in 2004. Mr. Xu is a qualified lawyer.

Report of the Directors

The directors (the "**Directors**") of the CGN New Energy Holdings Co., Ltd. (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company and its subsidiaries (the "**Group**") are engaged in the generation and supply of electricity, construction and operation of power stations and other associated facilities in the PRC and Korea.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the "Management Discussion and Analysis" section of this annual report, which forms part of this report of the Directors.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

The board of Directors of the Company (the "**Board**") recommends that 1.59 US cents (equivalent to 12.42 HK cents) per share of the Company be distributed as final dividends for the year ended 31 December 2020. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Tuesday, 25 May 2021 (the "**2021 AGM**"), is expected to be paid on Monday, 21 June 2021 to shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Thursday, 10 June 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the 2021 AGM, the register of members of the Company will be closed from Thursday, 20 May 2021 to Tuesday, 25 May 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Tuesday, 18 May 2021.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Thursday, 10 June 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited at the above address for registration by not later than 4:30 p.m. on Monday, 7 June 2021.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 191 to 192. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2020 are set out in note 36 to the consolidated financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

The shares of the Company (the "**Shares**") are subject to the rights, privileges and restrictions set forth in the memorandum of association and bye-laws of the Company (the "**Bye-laws**") and are not subject to any pre-emptive or similar rights under the Companies Act 1981 of Bermuda or pursuant to the Bye-laws.

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2020 are set out in note 36(a) to the consolidated financial statements and in the consolidated statement of changes in equity on pages 103 to 104, respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to equity shareholders of the Company as of 31 December 2020 was approximately US$95.1 million.

DIVIDEND POLICY

The Board has adopted a dividend policy. Below is a summary of the policy:

1. The profit distribution policy of the Company aims to safeguard the interests of Shareholders as well as the sustainable development of the Company, ensure the continuity and stability of profit distribution policy in compliance with relevant requirements of laws, regulations and bye-laws of the Company.

2. The payment and amount of dividends will depend on the specific operation results of the Company, general financial position, cash flow position, future operating and capital needs, amount of distributable profit, restrictions under loan covenants, tax considerations, general economic conditions, applicable laws and regulations as well as other factors that the Board considers relevant.

3. The declaration of final dividend shall be recommended to Shareholders by the Board based on the above situations, and will be implemented after being voted and approved in general meeting of the Company.

4. The declaration, payment and amount of interim dividend shall be determined by the Board and implemented based on the above situations from time to time.

Report of the Directors

LARGEST CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, the Group's five largest customers accounted for approximately 65% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 34% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 98% of the Group's total purchases, while the largest supplier for the year accounted for approximately 87% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) or any of the Shareholders who owns more than 5% of the Company's number of issued Shares has any interest in any of the Group's five largest customers or suppliers.

DIRECTORS

The Directors since 1 January 2020 and up to the date of this annual report were:

Chairman and Non-executive Director:

Mr. Chen Sui

Executive Directors:

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Non-executive Directors:

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping (resigned on 24 March 2021)
Mr. Xia Linquan (appointed on 24 March 2021)

Independent Non-executive Directors:

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Under the Bye-laws, the existing Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company.

In accordance with bye-law 83(2) of the Bye-laws, Mr. Xia Linquan will retire at the 2021 AGM and being eligible, offers himself for re-election.

In accordance with bye-law 84 of the Bye-laws, Mr. Wang Minhao and Mr. Leung Chi Ching Frederick will retire by rotation at the 2021 AGM and, being eligible, have offered themselves for re-election.

The retiring Directors, if re-elected, will hold office from the date of re-election to the conclusion of the annual general meeting of the Company to be held in 2024, subject to earlier determination in accordance with the Bye-laws and/or any applicable laws and regulations.

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

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election or election at the 2021 AGM has or will have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in the paragraph headed "Related Party Transactions" in this section and note 41 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2020 or at any time during the year ended 31 December 2020.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACT OF SIGNIFICANCE

Other than the connected transactions and the continuing connected transactions as stated in the sections headed "Connected transactions" and "Continuing connected transactions", respectively of this report of the Directors, no contract of significance between the Company or its subsidiaries and the controlling shareholder of the Company or its subsidiaries subsisted at the end of the year ended 31 December 2020 or at any time during the year ended 31 December 2020.

TAXATION

Under present Bermuda law, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its members, other than members ordinarily resident in Bermuda. Further, no such tax is imposed by withholding or otherwise on any payment to be made to or made by the Company.

STAMP DUTY

Under present Bermuda law, the Company is exempt from all stamp duties in Bermuda except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including the shares of local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from stamp duty in Bermuda.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SECURITIES

As of 31 December 2020, none of the Directors and/or chief executive of the Company has any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, so far as is known to the Directors and the chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) had or were deemed or taken to have interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Shareholding
China General Nuclear Power Corporation ("**CGN**") *(1)(2)(3)*	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGNPC International Limited ("**CGNPC International**") *(1)(2)(3)*	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGN Energy International Holdings Co., Limited ("**CGN Energy International**") *(1)(2)(3)*	Beneficial owner (long position)	3,101,800,000	72.29%

Notes:

(1) CGN indirectly holds 100% of the issued share capital of CGN Energy International, which directly holds approximately 72.29% of the issued share capital of the Company, through its wholly-owned subsidiary CGNPC International. Accordingly, CGN is deemed to have an interest in all shares held by CGN Energy International.

(2) CGNPC International directly holds 70.59% of the total issued share capital of CGN Energy International, which directly holds approximately 72.29% of the issued share capital of the Company, and indirectly holds 29.41% of the total issued share capital of CGN Energy International, through its wholly-owned subsidiary Gold Sky Capital Limited. Accordingly, CGNPC International is deemed to have an interest in all shares held by CGN Energy International.

(3) Save as disclosed in the section headed "Biographies of Directors and Senior Management" in this annual report, as of the date of this report of the Directors, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on 24 November 2015 for the purpose of enabling the Company to (i) establish incentive and mechanism that is in line with market practice and satisfies the Company's development strategy needs so as to facilitate long-term development of the Company and maximise Shareholders' value, and (ii) optimise the remuneration structure of core employees of the Company such that the competitiveness of the Company's remuneration system may be enhanced, which will in turn attract and retain core management and technical staff to serve the Company for a long period of time. All Options (as defined below) ever granted under the Share Option Scheme have lapsed. No Options were granted, exercised nor cancelled during the year ended 31 December 2020.

(1) Eligible Participants to the Share Option Scheme

The Board may, at its absolute discretion and on such terms as it may think fit, grant options (the "**Options**") to any eligible participants (the "**Eligible Participants**") to subscribe at a price calculated in accordance with paragraph (8) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any of the Eligible Participants to any Options shall be determined by the Directors from time to time on the basis of his/her contribution to the development and growth of the Group in the opinion of the Directors.

(2) Maximum Number of Shares Available for Exercise

The total number of new Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other effective share option schemes (if any) of the Company must not in aggregate exceed 10% of the total number of issued Shares of the same class as at the date of approval of the Share Option Scheme which is 429,082,400 Shares (the "**Scheme Mandate Limit**"), representing 10% of the issued share capital of the Company as at the date of this annual report.

The Company may at any time as the Board thinks fit seek approval from the Shareholders to refresh the Scheme Mandate Limit save that the total number of new Shares in respect of which Options may be granted under the Share Option Scheme and any other share option schemes shall not exceed 10% of the total number of Shares in issue as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit and the maximum number of new Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total number of Shares in issue from time to time.

As at the date of this report of the Directors, the total number of securities available for issue under the Share Option Scheme was nil.

(3) Maximum Entitlement of Each Eligible Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and any other effective share option scheme(s) (if any) of the Company to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of issued Shares of the same class.

Grant of Options to Connected Persons

Pursuant to Rule 17.04 of the Listing Rules:

(a) Any grant of Options to an Eligible Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of the Company or their respective associates (including a discretionary trust whose discretionary objects include a Director, chief executive or a substantial Shareholder of a company beneficially owned by any Director, chief executive or substantial Shareholder) must be approved by the independent non-executive Directors.

(b) Where the Board proposes to grant any Option to an Eligible Participant who is a substantial Shareholder or its associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or a company beneficially owned by any substantial Shareholder) would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate more than 0.1% of the total number of Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, over HK$5,000,000.00,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in this circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

No Options were granted during the year ended 31 December 2020.

Report of the Directors

(4) Time of Exercise of Option

An Option may be exercised at any time during a period of 3 years from the date after the completion of the minimum period for which the Option must be held as described in paragraph (5) below.

(5) Exercisable Period

Subject to the fulfilment of the exercise conditions as described in paragraph (6) below, the Options are exercisable (subject as provided below) during each Exercisable Period specified below for up to the number of Shares specified below:

Maximum number of Shares	Exercisable Period
approximately one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 24 months from the offer date to the last business day in the 60th month after the offer date
approximately an additional one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 36 months from the offer date to the last business day in the 72th month after the offer date
approximately the remaining one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 48 months from the offer date to the last business day in the 84th month after the offer date

**Note:* The Board may at its absolute discretion determine the exact number of the Shares fall to be issued on exercise of the Options.

(6) Exercise Conditions

The Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any Option, any performance targets or conditions that must be satisfied before the Option can be exercised as part of the terms and conditions of any Option.

(7) Offer of Options

The Company and Eligible Participants shall enter into a share option agreement upon the offer to set out the rights and obligations of both parties. Share option agreement shall contain information among others, names, number of identification card, address, correspondence, and any other matters. Eligible Participants shall pay HK$1.00 to the Company as the nominal consideration upon acceptance of the offer.

(8) Exercise Price for Shares

The exercise price for Shares issuable under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share on the offer date.

(9) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing from the date on which the Share Option Scheme is adopted by the Shareholders, unless otherwise terminated under the terms of the Share Option Scheme. The Share Option Scheme was adopted by the Shareholders on 24 November 2015 and, as at the date of this report of the Directors, has a remaining life of approximately 4 years and 7 months.

Report of the Directors

DIRECTORS' INTERESTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report regarding the Share Option Scheme, at no time during the year ended 31 December 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate of the Group.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report regarding the Share Option Scheme, the Company has not entered into any equity-linked agreement during the year and no equity-linked agreement subsisted as at the end of the year ended 31 December 2020.

PERMITTED INDEMNITY PROVISION

The Bye-laws provide that each Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto. During the year ended 31 December 2020 and up to the date of this report of the Directors, the Company has arranged directors' and officers' liability insurance coverage for the Directors and officers of the Company and its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Group entered into certain transactions with connected persons. Details of the continuing connected transactions are as follows:

(A) With CGN and its subsidiaries, excluding the Group (the "CGN Group")

Non-exempt continuing connected transactions subject to reporting, announcement and independent shareholders' approval requirements

1(a) Financial Services (CGNPC Huasheng) Framework Agreement

On 12 September 2014, CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**") and the Company entered into the financial services (CGNPC Huasheng) framework agreement (the "**Financial Services (CGNPC Huasheng) Framework Agreement**") in relation to the deposit arrangement in Hong Kong provided by CGNPC Huasheng to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The first renewal of the Financial Services (CGNPC Huasheng) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the terms of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 30 May 2015 and would continue up to and including 31 December 2017. The second renewal of the Financial Services (CGNPC Huasheng) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 18 December 2017 and the terms of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 1 January 2018 and would continue up to and including 31 December 2020.

Report of the Directors

The third renewal of the Financial Services (CGNPC Huasheng) Framework Agreement, together with certain amendments, were approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020 and the terms of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 1 January 2021 and shall continue up to and including 31 December 2023.

CGNPC Huasheng is a wholly-owned subsidiary of CGN which is the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGNPC Huasheng) Framework Agreement and its renewals were disclosed in the prospectus of the Company dated 19 September 2014 (the "**Prospectus**") and the circulars of the Company dated 20 April 2015, 30 November 2017 and 25 November 2020.

1(b) Financial Services (CGN Finance) Framework Agreement

On 12 September 2014, CGN Finance Co., Ltd. ("**CGN Finance**") and the Company entered into the financial services (CGN Finance) framework agreement (the "**Financial Services (CGN Finance) Framework Agreement**", together with the Financial Services (CGNPC Huasheng) Framework Agreement, the "**Financial Services Framework Agreements**") in relation to the deposit arrangement in the PRC provided by CGN Finance to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The first renewal of the Financial Services (CGN Finance) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the term of the Financial Services (CGN Finance) Framework Agreement became effective from 30 May 2015 and would continue up to and including 31 December 2017. The second renewal of the Financial Services (CGN Finance) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 18 December 2017 and the terms of the Financial Services (CGN Finance) Framework Agreement became effective from 1 January 2018 and would continue up to and including 31 December 2020.

The third renewal of the Financial Services (CGN Finance) Framework Agreement, together with certain amendments, were approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020 and the terms of the Financial Services (CGN Finance) Framework Agreement became effective from 1 January 2021 and shall continue up to and including 31 December 2023.

CGN Finance is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGN Finance) Framework Agreement and its renewals were disclosed in the Prospectus and the circulars of the Company dated 20 April 2015, 30 November 2017 and 25 November 2020.

General

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements are similar, the estimated annual cap for the maximum outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest received, for the year ended 31 December 2020 have been aggregated and amounted to US$560.0 million. The actual maximum outstanding balance of deposits placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest received for the year ended 31 December 2020 were approximately US$512.9 million.

2(a) Operation and Management Services (CGN Energy) Framework Agreement

On 20 August 2014, CGN Energy Development Co., Ltd. ("**CGN Energy**") and the Company entered into the operation and management services (CGN Energy) framework agreement (the "**Operation and Management Services (CGN Energy) Framework Agreement**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Group to provide operation and management services to power projects (whether in operation or under construction) in which CGN Energy had interest. The initial term of this agreement was from 1 May 2014 to 31 December 2016. The Company served a notice to CGN Energy in accordance with the terms of the Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2017 to 31 December 2019 where the principal terms (other than renewal of the term) of the renewed Operation and Management Services (CGN Energy) Framework Agreement remained the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees) (the "**2016 Renewed Operation and Management Services (CGN Energy) Framework Agreement**"). The Company further served a notice to CGN Energy in accordance with the terms of the 2016 Renewed Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020 where the principal terms (other than renewal of the term) of the further renewed Operation and Management Services (CGN Energy) Framework Agreement remained the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees) (the "**2019 Renewed Operation and Management Services (CGN Energy) Framework Agreement**").

The Company further served a notice to CGN Energy in accordance with the terms of the 2019 Renewed Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2021 to 31 December 2023. The principal terms (other than renewal of the term and certain amendments) of the further renewed Operation and Management Services (CGN Energy) Framework Agreement remained the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees). Such renewal of the Operation and Management Services (CGN Energy) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020.

CGN Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (CGN Energy) Framework Agreement and its renewals were disclosed in the Prospectus, the announcements of the Company dated 29 December 2016 and 4 December 2019, and the circular of the Company dated 25 November 2020.

Report of the Directors

2(b) Operation and Management Services (Huamei Holding) Framework Agreement

On 15 September 2014, Huamei Holding Company Limited ("**Huamei Holding**") and the Company entered into the operation and management services (Huamei Holding) framework agreement (the "**Operation and Management Services (Huamei Holding) Framework Agreement**", together with the Operation and Management Services (CGN Energy) Framework Agreement, the "**Operation and Management Services Framework Agreements**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Group to provide, operation and management services to power projects (whether in operation or under construction) in which a subsidiary of the group of companies which were transferred to CGN Energy International as part of the reorganization of the Group as described in the Prospectus under which Huamei Holding had interest. The initial term of this agreement was from 15 September 2014 to 31 December 2016. The Company served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of three years from 1 January 2017 to 31 December 2019 where the principal terms (other than renewal of the term) of the renewed Operation and Management Services (Huamei Holding) Framework Agreement remained the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees) (the "**2016 Renewed Operation and Management Services (Huamei Holding) Framework Agreement**"). The Company further served a notice to Huamei Holding in accordance with the terms of the 2016 Renewed Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020 where the principal terms (other than renewal of the term) of the further renewed Operation and Management Services (Huamei Holding) Framework Agreement remained the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees) (the "**2019 Renewed Operation and Management Services (Huamei Holding) Framework Agreement**").

The Company further served a notice to Huamei Holding in accordance with the terms of the 2019 Renewed Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of three years from 1 January 2021 to 31 December 2023 where the principal terms (other than renewal of the term and certain amendments) of the further renewed Operation and Management Services (Huamei Holding) Framework Agreement remained the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees). Such renewal of the Operation and Management Services (Huamei Holding) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020.

Huamei Holding is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Huamei Holding) Framework Agreement and its renewals were disclosed in the Prospectus, the announcements of the Company dated 29 December 2016 and 4 December 2019, and the circular of the Company dated 25 November 2020.

2(c) Operation and Management Services (Solar Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Solar Energy) Framework Agreement (the "**Operation and Management Services (Solar Energy) Framework Agreement**") with CGN Solar Energy Development Co., Ltd. ("**CGN Solar Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Solar Energy had interest. The relevant subsidiaries of the Company would provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which held interest in the relevant power project. The term of this agreement was from 17 June 2015 to 31 December 2017. The Company served a notice to CGN Solar Energy in accordance with the terms of the Operation and Management Services (Solar Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2018 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Solar Energy) Framework Agreement remained the same as the original Operation and Management Services (Solar Energy) Framework Agreement (including the calculation of the management fees) (the "**2017 Renewed Operation and Management Services (Solar Energy) Framework Agreement**").

Report of the Directors

The Company further served a notice to CGN Solar Energy in accordance with the terms of the 2017 Renewed Operation and Management Services (Solar Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2021 to 31 December 2023. Save for the renewal of the term of the agreement and certain amendments, the principal terms of the renewed Operation and Management Services (Solar Energy) Framework Agreement remained the same as the original Operation and Management Services (Solar Energy) Framework Agreement (including the calculation of the management fees). Such renewal of the Operation and Management Services (Solar Energy) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020.

CGN Solar Energy is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Solar Energy) Framework Agreement and its renewals were disclosed in the announcement of the Company dated 17 June 2015, and the circulars of the Company dated 30 November 2017 and 25 November 2020.

2(d) Operation and Management Services (Wind Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Wind Energy) Framework Agreement (the "**Operation and Management Services (Wind Energy) Framework Agreement**", together with the Operation and Management Services (Solar Energy) Framework Agreement, the "**O&M Agreements**") with CGN Wind Energy Co., Ltd. ("**CGN Wind Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide operation and management services to power projects (whether in operation or under construction) in which CGN Wind Energy had interest. The relevant subsidiaries of the Company would provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which held interest in the relevant power project. The term of this agreement was from 17 June 2015 to 31 December 2017. The Company served a notice to CGN Wind Energy in accordance with the terms of the Operation and Management Services (Wind Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2018 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Wind Energy) Framework Agreement remained the same as the original Operation and Management Services (Wind Energy) Framework Agreement (including the calculation of the management fees) (the "**2017 Renewed Operation and Management Services (Wind Energy) Framework Agreement**").

The Company further served a notice to CGN Wind Energy in accordance with the terms of the 2017 Renewed Operation and Management Services (Wind Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2021 to 31 December 2023. Save for the renewal of the term of the agreement and certain amendments, the principal terms of the renewed Operation and Management Services (Wind Energy) Framework Agreement remained the same as the original Operation and Management Services (Wind Energy) Framework Agreement and the 2017 Renewed Operation and Management Services (Wind Energy) Framework Agreement (including the calculation of the management fees). Such renewal of the Operation and Management Services (Wind Energy) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020.

CGN Wind Energy is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Wind Energy) Framework Agreement and its renewals were disclosed in the announcement of the Company dated 17 June 2015, and the circulars of the Company dated 30 November 2017 and 25 November 2020.

Report of the Directors

General

As the nature of the services to be provided under the two Operation and Management Services Framework Agreements and the O&M Agreements are similar, the annual cap for the management fees payable under the Operation and Management Services Framework Agreements and the O&M Agreements for the year ended 31 December 2020 were determined on an aggregate basis and amounted to US$29.74 million. The actual management fees paid under the Operation and Management Services Framework Agreements and the O&M Agreements for the year ended 31 December 2020 were approximately US$25.21 million.

Non-exempt continuing connected transactions subject to reporting and announcement requirements

3. Maintenance Services of Wind Farms and Photovoltaic Power Plants Framework Agreement

On 10 July 2020, CGN (Beijing) New Energy Technology Co., Limited ("**CGN (Beijing) New Energy Technology**") and the Company entered into the maintenance services of wind farms and photovoltaic power plants framework agreement (the "**Maintenance Services of Wind Farms and Photovoltaic Power Plants Framework Agreement**"), pursuant to which the Company agreed to engage CGN (Beijing) New Energy Technology to provide maintenance services (which may include the provision of information services, two measures services, overhaul services, repairs, maintenance and upgrading of facilities and equipment, regular inspection services, and pre-testing services, installation and replacement of equipment and spare parts services) to certain wind farms and photovoltaic power plants of the Group. The term of this agreement shall be one year from 10 July 2020 to 9 July 2021, subject to renewal by way of written notice to CGN (Beijing) New Energy Technology upon its expiry.

CGN (Beijing) New Energy Technology is a wholly-owned subsidiary of CGN Solar Energy, which is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Maintenance Services of Wind Farms and Photovoltaic Power Plants Framework Agreement were disclosed in the announcement of the Company dated 10 July 2020.

The estimated annual cap for the maximum service fee payable from the Company to CGN (Beijing) New Energy Technology for the period commencing from 10 July 2020 and ended on 31 December 2020 amounted to RMB63.39 million. The actual service fee paid by the Company to CGN (Beijing) New Energy Technology under the Maintenance Services of Wind Farms and Photovoltaic Power Plants Framework Agreement for the same period was approximately RMB31.05 million.

4. Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants)

On 16 December 2020, Gansu CGN Wind Power Co., Ltd. ("**Gansu CGN Wind Power**") and the Company entered into the supplemental framework agreement for equipment inspection and maintenance services of wind farms and photovoltaic power plants (the "**Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants**") to revise the terms of the framework agreement for equipment inspection and maintenance services of wind farms and photovoltaic power plants (the "**Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants**") dated 10 June 2019 as entered into between Gansu CGN Wind Power and the Company, pursuant to which Gansu CGN Wind Power agreed to provide equipment inspection and maintenance services (which may include the provision of power transmission and transformation equipment maintenance and pretest services, regular inspection and maintenance of wind power towers services, photovoltaic power plants components cleaning services and replacement of equipment and spare parts services) to wind farms and photovoltaic power plants of the Group. The term of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) shall be three years from 10 June 2019 to 9 June 2022, subject to renewal by way of written notice to Gansu CGN Wind Power upon its expiry.

Report of the Directors

Gansu CGN Wind Power is a non-wholly-owned subsidiary of CGN Wind Energy, which is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) were disclosed in the announcement of the Company dated 16 December 2020.

The estimated annual cap for the maximum service fee payable from the Company to Gansu CGN Wind Power for the year ended 31 December 2020 was RMB8.47 million. The actual service fee paid by the Company to Gansu CGN Wind Power under the Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants (as amended by the Supplemental Framework Agreement for Equipment Inspection and Maintenance Services of Wind Farms and Photovoltaic Power Plants) for the same period was approximately RMB2.44 million.

5. Sharing of Office and Administrative Services Agreement

On 5 June 2019, the Company and CGN Energy International entered into the sharing of office and administrative services agreement (the "**Sharing of Office and Administrative Services Agreement**"), pursuant to which the Company has agreed to (i) share the use and occupation of the Office Space (as defined under the Sharing of Office and Administrative Services Agreement) with CGN Energy International; and (ii) share the arrangement of the Administrative Services (as set out in the Sharing of Office and Administrative Services Agreement) with CGN Energy International, subject to the due execution of the deed of guarantee and indemnity (the "**Deed of Guarantee and Indemnity**") to be entered between the Company, CGN Energy International and Xipho Development Company Limited as soon as practicable after execution of the Sharing of Office and Administrative Services Agreement in order to allow the Company to share with CGN Energy International certain areas of the Office Space in connection with the lease agreement. The term of the Sharing of Office and Administrative Services Agreement shall be from the date of the Deed of Guarantee and Indemnity to 31 December 2021 (both days inclusive).

CGN Energy International is the controlling shareholder of the Company, directly holding approximately 72.29% of the issued share capital of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Sharing of Office and Administrative Services Agreement were disclosed in the announcement of the Company dated 5 June 2019.

The annual cap for the maximum service fee payable from CGN Energy International to the Company under the Sharing of Office and Administrative Services Agreement for the year ended 31 December 2020 amounted to HK$14.3 million. The actual service fee paid by CGN Energy International to the Company under the Sharing of Office and Administrative Services Agreement for the same period was approximately HK$10.9 million.

Report of the Directors

(B) General

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

The independent non-executive Directors have reviewed the continuing connected transactions of the Company for the year ended 31 December 2020 and have confirmed that the continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better (as defined in the Listing Rules); and

3. in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor has confirmed that the continuing connected transactions:

1. have been approved by the Board;

2. were, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

3. were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

4. have not exceeded the cap.

Report of the Directors

CONNECTED TRANSACTIONS

With the CGN Group

Non-exempt connected transactions subject to reporting, announcement and independent shareholders' approval requirements

1. Entrusted Construction Management Contracts

On 25 November 2020, in line with the Group's strategies to steadily develop its wind power business, CGN New Energy Nantong Co., Ltd.* (中廣核新能源南通有限公司) ("**CGN Nantong**"), a non-wholly-owned subsidiary of the Company, and China Nuclear Power Engineering Co., Ltd. ("**China Nuclear Power Engineering**") entered into the contract in relation to the design, procurement and construction work and management of the Rudong Offshore 300MW Wind Farm Project (the "**Rudong Entrusted Construction Management Contract**") at a consideration of approximately RMB2.1 billion (inclusive of tax). On the same day, CGN (Shengsi) New Energy Co., Ltd. ("**CGN Shengsi**"), an indirect wholly-owned subsidiary of the Company, and China Nuclear Power Engineering entered into the contract in relation to the design, procurement and construction work and management of the Shengsi Offshore Wind Farm Project (the "**Shengsi Entrusted Construction Management Contract**", together with the Rudong Entrusted Construction Management Contract, the "**Entrusted Construction Management Contracts**") at a consideration of approximately RMB2.3 billion (inclusive of tax). The entering into and the terms of the Entrusted Construction Management Contracts were approved by the independent shareholders of the Company at the special general meeting of the Company held on 23 December 2020.

China Nuclear Power Engineering is a non-wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Entrusted Construction Management Contracts were disclosed in the announcement of the Company dated 25 November 2020 and the circular of the Company dated 8 December 2020.

Non-exempt connected transactions subject to reporting and announcement requirements

2. Equipment Transfer Agreements

On 10 November 2020, CGN (Anshan) New Energy Co., Ltd.* (中廣核（鞍山）新能源有限公司) ("**CGN Anshan**"), an indirect wholly-owned subsidiary of the Company, and CGN Solar Energy (Yixian) Co., Ltd.* (中廣核太陽能（義縣）有限公司) ("**Yixian Company**") entered into the equipment transfer agreement (the "**First Equipment Transfer Agreement**"), pursuant to which CGN Anshan agreed to dispose of, and Yixian Company agreed to acquire, 36 items of idle equipment, machinery and assets in respect of the 1.9MW and 3.9MW distributed photovoltaic projects of CGN Anshan (the "**Equipment**") at the consideration of RMB9,034,271.59 (inclusive of tax). On the same day, CGN Anshan and Zhaoyang Junxiao New Energy (Lingyuan) Co., Ltd.* (朝陽君曉新能源（凌源）有限公司) ("**Lingyuan Company**") entered into the equipment transfer agreement (the "**Second Equipment Transfer Agreement**", together with the First Equipment Transfer Agreement, the "**Equipment Transfer Agreements**"), pursuant to which CGN Anshan agreed to dispose of, and Lingyuan Company agreed to acquire, 20 items of the Equipment at the consideration of RMB8,772,193.83 (inclusive of tax). The aggregate consideration for the disposal of the Equipment was RMB17,806,465.42 (inclusive of tax), and was intended to be used for the purpose of the general working capital of the Group.

Both Yixian Company and Lingyuan Company are indirect non-wholly-owned subsidiaries of CGN, and are therefore connected persons of the Company under the Listing Rules.

Further details of the Equipment Transfer Agreements were disclosed in the announcement of the Company dated 10 November 2020.

* *For identification purpose only*

Report of the Directors

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are provided under note 41 to the consolidated financial statements. Save for the connected transactions and the continuing connected transactions as disclosed above, none of these related party transactions constitute discloseable connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules. In relation to those related party transactions that also constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules, they have complied with the applicable requirements under Chapter 14A of the Listing Rules.

NON-COMPETITION DEED

The Company entered into a deed of non-competition (the "**Non-Competition Deed**") with CGN on 15 September 2014 under which CGN agreed not to, and agreed to procure its subsidiaries (other than the Group) not to, compete with the Group in its non-nuclear power business (save for the retention of the existing Retained Business (as defined in the Prospectus) of the CGN Group or any future business which the CGN Group has carried on pursuant to the terms of the Non-Competition Deed) and granted the Company with a right to acquire the Retained Business of the CGN Group and a right to acquire a new business or equity investment opportunity directed to the Group according to the terms of the Non-Competition Deed.

The Company has received a confirmation from CGN confirming to the Company on its compliance with the relevant non-competing procedures set out in the Non-Competition Deed and having protected the right granted to the Company under the Non-Competition Deed to invest in or acquire the relevant projects during the year ended 31 December 2020.

During the year ended 31 December 2020, the independent non-executive Directors (the "**Disinterested Directors**"), being the Directors other than those who are also directors and senior management personnel of the CGN Group, had reviewed several business or investment opportunities offered by or referred to by the CGN Group pursuant to the Non-Competition Deed. The Disinterested Directors considered the opportunities taking into account, inter alia, the following:

(a) whether the investment would create or would likely create competition with the principal business of the Group;

(b) the business and financial performance and potential of the subject investment opportunities;

(c) the feasibility and viability for the Group to acquire, invest or take on the subject investment opportunities (in terms of the availability of management, financial and business resources and expertise);

(d) the terms and conditions of the acquisition of or taking on the subject investment opportunities;

(e) the financial budget and business plan of the Group for undertaking the investment opportunities in the relevant year;

(f) result of a cost-benefit analysis for the Group to acquire, invest or take on the subject investment opportunities, and whether the subject investment opportunities are consistent with the business development strategy of the Group, and whether it is likely to create any strategic or synergy value to the Group's existing business;

(g) the likely risks associated with the subject investment opportunities should the Group acquire, take on, operate or participate in such subject investment opportunities; and

(h) the equity internal rate of return and/or the expected internal rate of return of the investment opportunities.

As a result, we had not exercised any right to acquire or invest in those investment opportunities.

The Disinterested Directors have reviewed compliance by CGN and confirm that based on the confirmations and information provided by CGN, CGN was in compliance with the Non-Competition Deed during the year ended 31 December 2020.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the date of this report, so far as the Directors were aware, none of the Directors, and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EMOLUMENT POLICY

We determined the emoluments of our directors and employees based on their respective performance, working experience, roles and responsibilities as well as market factors. We offer our executive Directors and senior management members, who are also employees of our Company, various compensation in the form of fees, salaries, contributions to pension scheme, discretionary bonuses, housing and other benefits in kind. We provide our employees with salaries and discretionary bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes, housing and other benefits in kind.

Our independent non-executive Directors receive compensation based on their responsibilities including being members or chairman of Board committees.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and within the knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

DONATIONS

During the year ended 31 December 2020, the Group made charitable and other donations amounting to approximately HK$2,121,000 (2019: HK$1,169,000).

AUDITOR

The Company ceased to engage Deloitte Touche Tohmatsu ("**Deloitte**") on 29 June 2020, and appointed KPMG as auditor of the Company on the same day. Details of the change of external auditor from Deloitte to KPMG were disclosed in the announcement of the Company dated 29 June 2020.

A resolution will be submitted to the annual general meeting to re-appoint KPMG as auditor of the Company.

On behalf of the Board

Chen Sui
Chairman

Hong Kong, 24 March 2021

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of the Company considers effective corporate governance is a key component in the sustained development of the Company and its subsidiaries (the "**Group**") and believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices to the conduct and growth of the Group's business.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the year ended 31 December 2020.

Corporate Governance Framework of the Company

Corporate Governance Report

THE BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. As at the date of this report, the Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Members of the Board during the year ended 31 December 2020 and up to the date of this report are as follows:

Chairman and Non-executive Director:

Mr. Chen Sui

Executive Directors:

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Non-executive Directors:

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping (resigned on 24 March 2021)
Mr. Xia Linquan (appointed on 24 March 2021)

Independent Non-executive Directors:

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Biographical details and relationships among members of the Board as at the date of this report are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

During the year, the non-executive Directors (including the independent non-executive Directors) provided the Company with a diverse range of expertise and a balance of skills, and brought independent judgments in issues pertinent to strategic direction, development, performance and risk management through their contribution at the Board meetings and committee meetings.

Corporate Governance Report

Chairman and President

As at the date of this report, Mr. Chen Sui is the chairman of the Company and Mr. Li Yilun is the president of the Company. The roles of the chairman and chief executive are served by different individuals to achieve a balance of authority and power, which is in compliance with the code provision A.2.1 of the CG Code. Mr. Chen Sui is principally responsible for overall corporate strategies planning and business development of the Group, while Mr. Li Yilun is principally responsible for leading and managing all the activities of the Group to achieve the goals and objectives set by the Board, identifying and recommending the short, medium and long-term business strategies, directing and executing the Group's plans and budgets, directing and organizing the Group's material, human and economic resources to deliver the corporate results, identifying and developing business opportunities for the growth of the Group.

Appointments, re-election and removal of Directors

Each Director has entered into a service contract or an appointment letter with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company (the "**Bye-laws**"). In accordance with bye-law 83(2) of the Bye-laws, Mr. Xia Linquan will retire at the forthcoming annual general meeting of the Company and, being eligible, offer himself for re-election. Mr. Wang Minhao and Mr. Leung Chi Ching Frederick will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election, in accordance with bye-law 84 of the Bye-laws.

Number of meetings and Directors' attendance

Code provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors.

The calendar of regular Board meetings (the "**Board Meetings**"), Board Committees meetings and general meetings for the year ended 31 December 2020 is shown below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board			✓			✓		✓				✓
Nomination Committee	✓		✓									
Remuneration Committee	✓		✓			✓						
Audit Committee			✓	✓		✓		✓		✓		
Investment and Risk Management Committee	✓		✓						✓	✓		
General Meeting						✓						✓

During the year ended 31 December 2020, the Board has held four meetings.

During the year ended 31 December 2020, the Company has held an annual general meeting (the "**2020 AGM**") and a special general meeting.

Corporate Governance Report

The table below sets forth the number of meetings of the Board and Board Committees (as defined below) and general meeting attended by each Director who held office during the year ended 31 December 2020:

	Attendance/Number of meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Investment and Risk Management Committee**	**General Meeting**
Chairman and Non-executive Director:						
Mr. Chen Sui	4/4	2/2				1/2
Executive Directors:						
Mr. Li Yilun (President)	4/4					1/2
Mr. Zhang Zhiwu (appointed on 22 January 2020) *(Note i)*	2/4					0/2
Non-executive Directors:						
Mr. Yao Wei (resigned on 22 January 2020) *(Note ii)*	N/A			N/A	0/1	N/A
Mr. Xing Ping (resigned on 24 March 2021) *(Note iii)*	4/4		3/3	5/5	4/4	1/2
Mr. Xia Linquan (appointed on 24 March 2021) *(Note iv)*	N/A		N/A	N/A	N/A	N/A
Independent Non-executive Directors:						
Mr. Wang Minhao	4/4	2/2	3/3			1/2
Mr. Yang Xiaosheng	4/4	2/2	3/3	5/5	4/4	1/2
Mr. Leung Chi Ching Frederick *(Note v)*	4/4			5/5	3/3	2/2

Note i: Mr. Zhang Zhiwu was appointed as an executive Director of the Company on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020. In the year ended 31 December 2020, no Board meeting and general meeting was held before his appointment took effect.

Note ii: Mr. Yao Wei resigned as a non-executive Director, the chairman of the Investment and Risk Management Committee and the Audit Committee on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020. In the year ended 31 December 2020, no Board meeting and general meeting was held before his resignation took effect.

Note iii: Mr. Xing Ping was appointed as the chairman of the Investment and Risk Management Committee and a member of the Audit Committee on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020. In the year ended 31 December 2020, no Board meeting and general meeting was held before his appointment took effect. In addition, Mr. Xing Ping resigned as a non-executive Director, the chairman of the Investment and Risk Management Committee, and a member of each of the Audit Committee and the Remuneration Committee on 24 March 2021. For details, please refer to the announcement of the Company dated 24 March 2021.

Note iv: Mr. Xia Linquan was appointed as a non-executive Director, the chairman of the Investment and Risk Management Committee, and a member of each of the Audit Committee and the Remuneration Committee on 24 March 2021. For details, please refer to the announcement of the Company dated 24 March 2021.

Note v: Mr. Leung Chi Ching Frederick was appointed as a member of the Investment and Risk Management Committee on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020. In the year ended 31 December 2020, no Board meeting and general meeting was held before his appointment took effect.

Corporate Governance

The Board has carried out its duties and responsibilities as set out in D.3 of the CG Code including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct applicable to the employees of the Company and the Directors, the compliance with the CG Code of the Company and the disclosure in this report.

Training and support for Directors

In accordance with code provision A.6.5 of the CG Code with regards to continuous professional development, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

Corporate Governance Report

To further ensure that all Directors are adequately informed about the Company's business and operations as well as their responsibilities under relevant laws, rules and regulations, the Company Secretary regularly provides all Directors regarding the Company's most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time. During the year ended 31 December 2020, the Company has organised training in respect of the latest updates with the Listing Rules.

The Directors who held office for the year ended 31 December 2020 received the following training during the same period according to the records provided by the Directors:

	TYPES OF TRAINING:		
Directors	**Attendance for trainings/seminars/ meetings in respect of the Company's business or duties of Directors**	**Reading of materials in respect of updates on the Company's business, duties and responsibilities of Directors and regulatory requirements**	**Visit to power plants and facilities and their respective management personnel**
Chairman and Non-executive Director:			
Mr. Chen Sui	✓	✓	✓
Executive Directors:			
Mr. Li Yilun (President)	✓	✓	✓
Mr. Zhang Zhiwu (appointed on 22 January 2020)	✓	✓	✓
Non-executive Directors:			
Mr. Yao Wei (resigned on 22 January 2020)	N/A	N/A	N/A
Mr. Xing Ping (resigned on 24 March 2021)	✓	✓	✓
Mr. Xia Linquan (appointed on 24 March 2021)	N/A	N/A	N/A
Independent Non-executive Directors:			
Mr. Wang Minhao	✓	✓	
Mr. Yang Xiaosheng	✓	✓	
Mr. Leung Chi Ching Frederick	✓	✓	

Directors' insurance

During the year ended 31 December 2020, the Company has arranged for appropriate liability insurance for the Directors to cover their liabilities arising out of corporate activities.

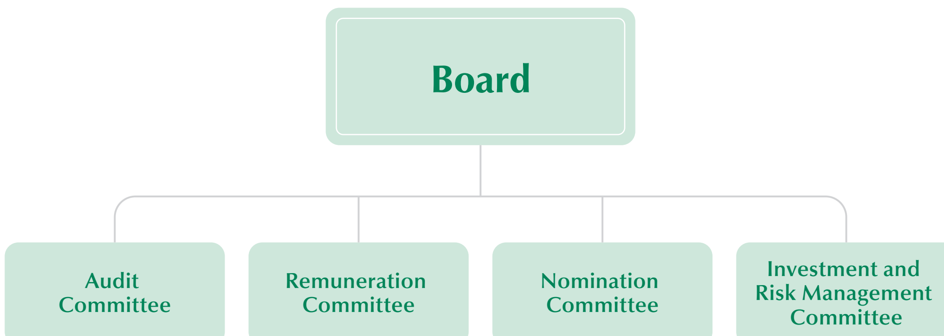
Compliance with the Model Code for Directors' securities transactions

The Company has adopted its own Code for Securities Transactions by Directors (the "**Company Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), as a code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code and the Company Code during the year ended 31 December 2020.

Corporate Governance Report

BOARD COMMITTEES

The Board has established an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**"), a nomination committee (the "**Nomination Committee**") and an investment and risk management committee (the "**Investment and Risk Management Committee**") (collectively, the "**Board Committees**"). The terms of reference of the Board Committees are posted on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), respectively. Members of the Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.



Audit Committee

As of 31 December 2020, the Audit Committee of the Company was chaired by Mr. Leung Chi Ching Frederick (independent non-executive Director), and the members are Mr. Xing Ping (resigned on 24 March 2021, former non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director). Mr. Xia Linquan was appointed, *inter alia*, as a member of the Audit Committee on 24 March 2021.

The majority of the members of the Audit Committee are independent non-executive Directors. The major duties of the Audit Committee are as follows:

Relationship with the Company's external auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

(c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(d) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(e) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Corporate Governance Report

Review of the financial information of the Company

(f) to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(g) in regard to (f) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, internal auditors or external auditors;

Oversight of the Company's financial reporting system and internal control systems

(h) to review the Company's financial controls, internal control systems and risk management;

(i) to discuss the internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(k) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(o) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(p) to act as the key representative body for overseeing the Company's relations with the external auditor;

(q) to review the continuing connected transactions to ensure compliance with the terms approved by shareholders of the Company (the "**Shareholders**");

Corporate Governance Report

(r) to establish whistleblowing policies and systems to allow employees and others who have dealings with the Company (such as customers and suppliers) to raise their concerns in secret to the Audit Committee about any possible improper matters regarding the Company;

(s) to report to the Board on the above matters; and

(t) to consider other topics, as defined by the Board.

The terms of reference of the Audit Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the websites of the Company and the Stock Exchange, respectively.

During the year ended 31 December 2020, five Audit Committee meetings were held, *inter alia*, to review the 2019 annual results, the change of auditor of the Company, the 2020 interim results and the internal control of the Group. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Audit Committee was held on 19 March 2021 to consider the audited financial statements of the Group for the year ended 31 December 2020, the external auditor's independence and objectivity, the effectiveness of the audit process and the Group's internal control system, which covers all material controls, including financial, operational and compliance controls and risk management functions.

Mr. Yao Wei has resigned, *inter alia*, as a member of the Audit Committee on 22 January 2020, and Mr. Xing Ping was appointed, *inter alia*, as a member of the Audit Committee on the same day. All the then members of the Audit Committee, i.e. Mr. Xing Ping (former non-executive Director), Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick attended the said recent meeting.

Remuneration Committee

As of 31 December 2020, the Remuneration Committee was chaired by Mr. Wang Minhao (independent non-executive Director) and the members were Mr. Xing Ping (resigned on 24 March 2021, former non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director). Mr. Xia Linquan was appointed, *inter alia*, as a member of the Remuneration Committee on 24 March 2021.

The majority of the members of the Remuneration Committee are independent non-executive Directors. The major duties of the Remuneration Committee are as follows:

(a) to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors;

(b) to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associate company of any of them;

(c) to consider what details of the remuneration/benefits of the Directors should be reported in the Company's annual reports and accounts in addition to those required by law and how those details should be presented;

(d) to make recommendations to the Board on the policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(f) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

(g) to make recommendations to the Board on the remuneration of non-executive Directors;

(h) to consider salaries paid by comparable companies, time commitment and responsibilities as well as employment conditions of other positions in the Group;

Corporate Governance Report

(i) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

(j) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(k) to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

The terms of reference of the Remuneration Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the websites of the Company and the Stock Exchange, respectively.

During the year ended 31 December 2020, three Remuneration Committee meetings were held, *inter alia*, to review the remuneration structure and packages of the Directors and senior management, and consider the emoluments of executive Director. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Remuneration Committee was held on 19 March 2021 to consider and review, among others, the Group's policy and structure for all Directors' and senior management's remuneration, the current remuneration packages of the Directors and senior management of the Company and consider the emoluments of non-executive Director.

All the then members of the Remuneration Committee, i.e. Mr. Xing Ping (former non-executive Director), Mr. Wang Minhao and Mr. Yang Xiaosheng attended the said recent meeting.

Nomination Committee

As of 31 December 2020, the Nomination Committee was chaired by Mr. Chen Sui (chairman and non-executive Director) and the members were Mr. Wang Minhao (independent non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director).

The majority of the members of the Nomination Committee are independent non-executive Directors. The major duties of the Nomination Committee are as follows:

(a) to review the structure, size, composition and diversity (including gender, age, cultural and education background, ethnicity, skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the corporate strategy of the Company;

(b) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to assessing the balance of skills, knowledge and experience as well as diversification of Board members, and based on the assessment results, to prepare a description of the roles and capabilities required for individual appointments;

(c) to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to assess the independence of independent non-executive Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the president of the Company;

(f) to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board;

(g) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Bye-laws or imposed by the Listing Rules or applicable law; and

(h) to review the Board's diversity policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board's diversity policy.

The terms of reference of the Nomination Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the websites of the Company and the Stock Exchange, respectively.

Corporate Governance Report

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

The Board has also adopted a Board diversity policy. Below is a summary of the policy:

"The Board recognizes that board diversity is an essential element contributing to the sustainable development of the Company and enhances Board effectiveness and corporate governance. In determining the optimum composition of the Board, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board aims to maintain a Board which has an appropriate mix of diversity, skills, experience and expertise, as well as a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is also independent element on the Board."

The Company has an unwavering commitment to talent as a prime resource for development. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, industry experience, skills, knowledge and length of service in related business areas.

During the year ended 31 December 2020, two Nomination Committee meetings were held, *inter alia*, to review the structure, size composition and diversity of the Board and to consider, nominate and recommend appointment and reappointment of Directors. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Nomination Committee was held on 19 March 2021 to consider and review, among others, the composition of the Board, succession planning for the Directors, the Board's diversity policy, and consider and recommend the change of director and member of board committees of the Company.

As at the date of this report, the following table and paragraph illustrates the composition and diversity of the Board in terms of four objective criteria, namely (i) age group, (ii) cultural and educational background, (iii) professional experience and (iv) industry experience, skills and knowledge.

Age group			Cultural and educational background			Professional experience		
40 to 49	50 to 59	60 to 69	Bachelor's degree holder	Master's degree holder	Doctoral degree holder	Engineering	Accounting, Economics and Finance	Corporate Governance
14%	43%	43%	29%	57%	14%	57%	29%	14%

In addition to the above table, each of the Directors has at least one of the following industry experience, skills or knowledge:

(a) Experience of new energy-related industry;

(b) Strategic planning;

(c) Investment and risk management;

(d) Corporate management (including internal control, operations, assets and other aspects);

(e) Legal and compliance;

(f) Financial (including accounting, finance, corporate finance, tax, etc.);

(g) Negotiation and execution of commercial contracts;

(h) Public management and venture management;

(i) Environmental protection;

(j) Experience in management of listed companies;

Corporate Governance Report

(k) Familiarity with the business environment of China; and

(l) Familiarity with the business environment of Hong Kong and the international business environment.

The Nomination Committee considers that the existing composition of the Board is diversified, taking into account the nature and scope of the Group's operations, specific needs as well as the different background of our Directors. Furthermore, the Nomination Committee recommends that the diversity of the Board in terms of (i) cultural and educational background, (ii) professional experience, and (iii) industry experience, skills and knowledge should be maintained, and that the Board should adopt these criteria as the basis for the selection and assessment of candidates for Directors by the Nomination Committee in the future.

Investment and Risk Management Committee

As of 31 December 2020, the Investment and Risk Management Committee was chaired by Mr. Xing Ping (resigned on 24 March 2021, former non-executive Director), and the members were Mr. Yang Xiaosheng (independent non-executive Director) and Mr. Leung Chi Ching Frederick (independent non-executive Director). Mr. Xia Linquan was appointed, *inter alia*, as a chairman of the Investment and Risk Management Committee on 24 March 2021.

All of the members of the Investment and Risk Management Committee are non-executive Directors. The major duties of the Investment and Risk Management Committee are as follows:

(a) to review major investment and strategy and objectives of project financing of the Company;

(b) to review any major investment, financing proposal and operating project matters of the Company that are subject to approval by the Board in accordance with the "Board of Directors Delegation of Authority Manual";

(c) to review the development and objectives of the Company's risk management system;

(d) to supervise the soundness, reasonableness and effectiveness of the risk management system, and instruct the comprehensive risk management of the Company;

(e) to study the risks of significant matters in major investment and financing activities and operation management of the Company and make necessary recommendations to the Board;

(f) to study the significant investigation results and feedbacks from the management concerning the risk management of the Company; and

(g) to handle other matters in relation to investment or risk management as delegated by the Board.

The terms of reference of the Investment and Risk Management Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the websites of the Company and the Stock Exchange, respectively.

During the year ended 31 December 2020, four Investment and Risk Management Committee meetings were held to review the proposed investment project of the Group. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Investment and Risk Management Committee was held on 19 March 2021 to consider and review, among others, the Comprehensive Risk Management Report and the Risk Management Evaluation Report of the Group.

Mr. Yao Wei has resigned, *inter alia*, as the chairman of the Investment and Risk Management Committee on 22 January 2020, and Mr. Xing Ping and Mr. Leung Chi Ching Frederick were appointed, *inter alia*, as the chairman and a member of the Investment and Risk Management Committee, respectively, on the same day. All the then members of the Investment and Risk Management Committee, i.e. Mr. Xing Ping (former non-executive Director), Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick attended the said recent meeting.

Corporate Governance Report

Company Secretary

Mr. Lee Kin, the company secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. Mr. Lee Kin was appointed as the Company Secretary on 26 January 2015. Mr. Lee Kin complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during his term of office in the year ended 31 December 2020. The biographical details of Mr. Lee Kin is set out in the section headed "Biographies of Directors and Senior Management" in this report.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 December 2020. The Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, International Accounting Standards amendments to standards and the related interpretations, made adjustments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by the external auditor of the Company about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" in this report.

External auditor's remuneration

Deloitte Touche Tohmatsu ("**Deloitte**") had ceased to be the Company's external auditor for the year ended 31 December 2020 with effect from 29 June 2020 as the controlling shareholder of the Company, CGN, is a state-owned enterprise and had continuously engaged Deloitte as its auditor since 2012. To comply with the relevant regulations issued by the Ministry of Finance of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China regarding engagement of accounting firms by state-owned enterprises, the Company did not further engage Deloitte as its auditor. With recommendation from the Audit Committee, the Board has resolved to appoint KPMG as the Company's external auditor with effect from 29 June 2020 and to hold office until the conclusion of the forthcoming annual general meeting of the Company. For more details of the change of external auditor from Deloitte to KPMG, please refer to the announcement of the Company dated 29 June 2020. The Audit Committee has been notified of the scope, nature and the service charges of the audit and non-audit services performed by Deloitte and KPMG (for their respective period of engagement in the year ended 31 December 2020) and considered that these audit and non-audit services have no adverse effect on the independence of Deloitte and KPMG (for their respective period of engagement in the year ended 31 December 2020). There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of Deloitte and KPMG.

The remuneration paid to Deloitte in respect of audit and non-audit services for the year ended 31 December 2020 and up to 28 June 2020 is set out below:

Type of services provided by Deloitte	**Amount of fees** *HK$'000*
Audit services	930
Non-audit services	63
Total	993

The major non-audit services provided by Deloitte mainly included filing of local income tax report.

Corporate Governance Report

The remuneration paid to KPMG in respect of audit and non-audit services for the year ended 31 December 2020 commencing from 29 June 2020 is set out below:

Type of services provided by KPMG	Amount of fees *HK$'000*
Audit services	3,049
Non-audit services	1,411
Total	4,460

The major non-audit services provided by KPMG mainly include issuing comfort letters on sufficiency of working capital of the Company for major transactions and very substantial acquisitions occurred in 2020.

Risk management and internal control

The Board has the responsibility of evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and overseeing management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems on an ongoing basis. The Board should ensure that a review of the effectiveness of the Group's risk management and internal control systems has been conducted at least annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors have reviewed the effectiveness of the Group's internal control and risk management systems. The internal control system includes a defined management structure with segregation of duties and the implementation and continuous review of an internal control manual. The Board, through the Audit Committee, engaged external professional service providers to conduct annual reviews on the Group's internal control system and make recommendations for strengthening such systems. The results of the review for the year ended 31 December 2020 have been reported to the Audit Committee and the Board. No material deficiencies have been identified so far and there were no significant areas of concern which may affect the Shareholders.

A framework has been established for prudent and effective controls to enable risks to be identified, evaluated and managed. Procedures have been designed for the management of financial, strategic and operational risk management functions. The procedures provide reasonable assurance against material untrue statement or losses and to monitor the risks existing in the course of arriving at the Group's objectives.

The Board is satisfied that, based on information furnished to it and on its own observations, the risk management and internal control systems are effective and adequate.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

The Company has an internal audit function.

The Audit Committee, *inter alia*, reviews the financial controls, risk management and internal controls systems of the Group and any significant internal control issues identified by the internal audit department, external auditors and management. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions and internal audit function and their training programmes and budgets.

The Investment and Risk Management Committee reviews the development and objective of the Company's risk management system.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enable the Shareholders and investors to make appropriate investment decisions.

Shareholders are provided with contact details of the Company's public relations firm and share registrar, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company.

Shareholders or investors can contact the public relations firm of the Company, Wonderful Sky Financial Group Limited, to make enquiry or to provide suggestions, of which the contact details are as follows:

Tel: (852) 3970 2106
Fax: (852) 3102 0210
Email: cgnne@wsfg.hk

In addition, Shareholders can contact Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, if they have any enquiries about their shares of the Company and dividends.

The members of the Board and the Board Committees and KPMG are expected to be present to answer the Shareholders' questions in annual general meetings of the Company (the "**AGM**"). Meeting circulars are distributed to all Shareholders before AGM and special general meetings of the Company (the "**SGM**") in accordance with the timeline requirement as laid down in the Listing Rules and the Bye-laws.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted.

ANNUAL GENERAL MEETING

The Company's AGM is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. The 2020 AGM was held on 9 June 2020 at Boardroom 6, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to rule 13.90 of the Listing Rules, the Company has published on the Company's website and the website of the Stock Exchange its Bye-laws. During the year ended 31 December 2020, no amendments were made to the Bye-laws of the Company.

Corporate Governance Report

Resolutions passed at the 2020 AGM

Separate resolutions were proposed at the 2020 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions is set out below:

	Resolutions proposed at the 2020 AGM	Percentage of Votes in Favour
1.	To receive and consider the audited consolidated financial statements of the Company, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2019	100%
2.(a)	To re-elect Mr. Chen Sui as a non-executive director of the Company	99.76%
2.(b)	To re-elect Mr. Li Yilun as an executive director of the Company	99.87%
2.(c)	To re-elect Mr. Zhang Zhiwu as an executive director of the Company	99.87%
2.(d)	To re-elect Mr. Yang Xiaosheng as an independent non-executive director of the Company	99.94%
2.(e)	To authorise the Board to fix the remuneration of the Directors	100%
3.	To re-appoint Deloitte Touche Tohmatsu as auditor and authorize the Board to fix its remuneration	100%
4.	To grant a general mandate to the Directors to repurchase Shares	100%
5.	To grant a general mandate to the Directors to issue Shares	95.67%
6.	To extend the Issue Mandate by adding thereto the number of Shares repurchased by the Company pursuant to the Repurchase Mandate	95.70%

Accordingly, all resolutions put to shareholders at the 2020 AGM were passed. The results of the voting by poll were published on the websites of the Company and the Stock Exchange, respectively.

DIVIDEND POLICY

The Board has adopted a dividend policy. For details, please refer to the section headed "Dividend Policy" in the Report of the Directors in this annual report.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convening of SGM and requisition by the Shareholders

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on shareholders' rights.

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Procedures for making proposals by the Shareholders other than a proposal of a person for election as director

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on shareholders' rights.

The Company holds an AGM every year, and may hold a general meeting known as a special general meeting whenever necessary. Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Corporate Governance Report

Procedures for Shareholders to propose a Person for Election as a Director

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on the procedures for shareholders to propose a person for election as a director.

1. If a shareholder of the Company who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the shareholder himself/herself) for election as a director (the "**Candidate**") at that meeting, he/she can deposit a written notice at the Company's principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

2. In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected.

3. A sample form of the notice to be executed and signed by the shareholder(s) for such proposal can be found from the website of the Company.

4. A sample form of the notice to be executed and signed by the Candidate can also be found from the website of the Company setting out, amongst other things, his/her willingness to be elected together with the information of the Candidate as required by Rule 13.51(2) of the Listing Rules as follows:

   (i) full name and age;

   (ii) positions held with the Company and/or other members of the Company (if any);

   (iii) experience including (i) other directorships held in the past three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

   (iv) length or proposed length of service with the Company;

   (v) relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined under the Listing Rules) of the Company, or an appropriate negative statement;

   (vi) interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, or an appropriate negative statement; and

   (vii) a declaration made by the Candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2) (h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that Candidate's standing for election as a director that should be brought to the attention of the shareholders of the Company.

5. The period for lodgement of the written notice will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed Candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

6. Shareholders who have enquires about the above procedures or have enquires to put to the Board may write to the Company Secretary at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

Independent Auditor's Report

Independent auditor's report to the shareholders
CGN New Energy Holdings Co., Ltd
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of CGN New Energy Holdings Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as "the **Group**") set out on pages 99 to 190, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). 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 HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Impairment assessment of goodwill

Refer to note 16 to the consolidated financial statements and the accounting policies on note 2(f) and 2(k)(ii).

The Key Audit Matter

As set out in note 16 to the consolidated financial statements, as at 31 December 2020, the Group has goodwill of approximately US$169,241,000 relating to groups of cash-generating units ("**CGUs**") comprising subsidiaries engaged in generating and supplying electricity through solar energy and wind energy in the Peoples' Republic of China (the "**PRC**"), which are tested for impairment annually.

In performing impairment assessments, management engaged an external valuer to assess the recoverable amounts of the relevant CGUs using value in use method by preparing discounted cash flow forecasts derived from the most recent financial forecast approved by the management. Management compared carrying value of each of the separately identifiable CGUs with their respective recoverable amounts to determine if any impairment loss should be recognized.

As disclosed in note 16 to the consolidated financial statements, the Group recognized an impairment loss on goodwill of US$8,995,000 as at 31 December 2020.

The recoverable amounts are based on value in use calculations using discounted cash flow model, which require significant assumptions and estimates with respect to the discount rates and the forecasted cash flows, in particular the budgeted sales and gross margins, taking into account the management expectations for the power industry in the PRC.

We identified the assessment of potential impairment of goodwill as a key audit matter because the impairment assessments performed by management involve certain critical judgements in respect of the assumptions made which are inherently uncertain and could be subject to management bias.

How the matter was addressed in our audit

Our audit procedures to assess the impairment of goodwill included the following:

- assessing the management's identification of CGUs, the allocation of assets to each CGU and the methodology adopted by management in its impairment assessments with reference to the requirements of prevailing accounting standards;
- evaluating the competence, experience, capability and objectivity of the external valuer engaged by management to perform the valuation of the relevant CGUs;
- evaluating the assumptions adopted in the preparation of discounted cash flow forecasts for the purpose of the impairment assessment of goodwill, including projected future growth rates for income and expenses, with reference to our understanding of the business, historical trends and available industry information and available market data;
- involving our internal valuation specialists to evaluate management's valuation methodology adopted in the impairment assessment with reference to the requirements of the prevailing accounting standards; and assess whether the discount rates applied in the cash flow forecasts prepared for the purpose of assessing the impairment of goodwill were within the range adopted by other companies operating in the same industry;
- comparing the significant assumptions used in the discounted cash flow forecasts and actual results for the current year with management's forecast in the previous year in order to assess the reliability of historical accuracy of management's forecasting process and whether this is any indication of management bias;
- evaluating the sensitivity analysis prepared by management for each of the key assumptions adopted in the discounted cash flow forecast and considering the possibility of error or management bias; and
- assessing the disclosures in the consolidated financial statements in respect of impairment testing of goodwill with reference to the requirements of the prevailing accounting standards.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than 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.

Independent Auditor's Report

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

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- 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.

Independent Auditor’s Report

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

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

We communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in the independent auditor’s report is Maggie L. T. Lee.

KPMG
Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

24 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
Revenue	4	**1,149,892**	1,276,281
Operating expenses:			
Coal, oil and gas		**492,510**	698,265
Depreciation of property, plant and equipment		**193,031**	159,831
Repair and maintenance		**30,447**	40,675
Staff costs		**85,835**	76,524
Others	5	**60,602**	69,368
Total operating expenses		**862,425**	1,044,663
Operating profit		**287,467**	231,618
Other income	6	**26,318**	23,157
Other gains and losses	7	**(11,089)**	(25,093)
Finance costs	8	**(145,005)**	(122,120)
Share of results of associates		**29,342**	32,807
Gain on disposal of a subsidiary	39	**18,135**	548
Profit before taxation		**205,168**	140,917
Income tax	9	**(37,533)**	(41,564)
Profit for the year	10	**167,635**	99,353
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit retirement obligation	13	**(1,328)**	–
Items that are/may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**132,650**	(37,470)
Effective portion of changes in fair value of hedging instruments recognized during the year		**(2,159)**	13,568
Deferred tax credited/(charged) arising on fair value change on hedging instruments		**522**	(3,283)
Reclassification adjustments for amounts transferred to profit or loss			
– release of hedging reserve		**(120)**	(122)
– deferred tax credit arising on release of hedging reserve		**29**	29
– release of cumulative (gains)/losses of translation reserve to profit or loss upon disposal of a subsidiary	39	**(2,198)**	126
Other comprehensive income for the year		**127,396**	(27,152)
Total comprehensive income for the year		**295,031**	72,201

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Note	2020 *US$'000*	2019 *US$'000*
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**162,087**	111,207
Non-controlling interests		**5,548**	(11,854)
		167,635	99,353
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**283,170**	85,988
Non-controlling interests		**11,861**	(13,787)
		295,031	72,201
Earnings per Share	*12*		
– Basic *(US cents)*		**3.78**	2.59
– Diluted *(US cents)*		**3.78**	2.59

The notes on pages 107 to 190 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 36(b).

Consolidated Statement of Financial Position

at 31 December 2020

	Notes	2020 US$'000	2019 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**4,747,312**	3,491,680
Right-of-use assets	15	**86,637**	85,826
Goodwill	16	**169,241**	167,236
Interests in associates	17	**206,083**	190,608
Derivative financial instruments	25	**5,445**	8,667
Contract assets	22	**–**	80,031
Deferred tax assets	18	**21,794**	21,134
Other non-current assets	19	**505,065**	338,821
		5,741,577	4,384,003
CURRENT ASSETS			
Inventories	20	**24,445**	28,583
Trade receivables	21	**430,273**	327,295
Contract assets	22	**146,637**	–
Other receivables and prepayments	23	**91,946**	76,955
Amounts due from associates	24	**–**	3,377
Amounts due from fellow subsidiaries	24	**6,229**	5,529
Tax recoverable	18	**216**	3,973
Derivative financial instruments	25	**1,832**	566
Pledged bank deposits	26	**134,527**	141,833
Short-term bank deposits	26	**–**	2,594
Bank balances and cash	26	**398,850**	384,141
		1,234,955	974,846
Non-current assets classified as held for sale	27	**–**	20,318
		1,234,955	995,164
CURRENT LIABILITIES			
Trade payables	28	**70,704**	242,771
Contract liabilities	34	**2,717**	1,980
Other payables and accruals	29	**398,024**	332,699
Amounts due to fellow subsidiaries	24	**8,738**	8,412
Amounts due to non-controlling shareholders – due within one year	24	**7,365**	8,590
Loans from fellow subsidiaries – due within one year	30	**521,268**	372,696
Loan from the ultimate holding company – due within one year	30	**295,790**	–
Bank borrowings – due within one year	31	**721,579**	576,214
Lease liabilities – due within one year	32	**3,900**	5,441
Government grants	33	**207**	810
Tax payable	18	**9,081**	9,599
Derivative financial instruments	25	**63**	184
		2,039,436	1,559,396

Consolidated Statement of Financial Position

at 31 December 2020

	Notes	2020 US$'000	2019 US$'000
NET CURRENT LIABILITIES		**(804,481)**	(564,232)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,937,096**	3,819,771
NON-CURRENT LIABILITIES			
Amount due to a non-controlling shareholder			
– due after one year	*24*	**1,085**	953
Loans from fellow subsidiaries			
– due after one year	*30*	**533,482**	700,000
Loan from the ultimate holding company			
– due after one year	*30*	**122,607**	–
Bank borrowings - due after one year	*31*	**2,889,265**	2,021,683
Lease liabilities - due after one year	*32*	**27,022**	24,901
Government grants	*33*	**9,548**	8,957
Contract liabilities	*34*	**–**	68
Net defined benefit retirement obligation	*13*	**2,792**	–
Deferred tax liabilities	*18*	**53,914**	53,716
Derivative financial instruments	*25*	**–**	46
		3,639,715	2,810,324
NET ASSETS		**1,297,381**	1,009,447
CAPITAL AND RESERVES			
Share capital	*36(c)*	**55**	55
Reserves		**1,213,100**	930,060
Total equity attributable to equity shareholders of the Company		**1,213,155**	930,115
Non-controlling interests		**84,226**	79,332
TOTAL EQUITY		**1,297,381**	1,009,447

Approved and authorised for issue by the board of directors on 24 March 2021.

Chen Sui
Director

Li Yilun
Director

The notes on pages 107 to 190 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Share option reserve	Other non-distributable reserves (note 36(d)(i))	Hedging reserve (note 36(d)(ii))	Translation reserve (note 36(d)(iii))	Accumulated profits	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	55	250,406	–	12,813	7,248	(48,476)	708,069	930,115	79,332	1,009,447
Profit for the year	–	–	–	–	–	–	162,087	162,087	5,548	167,635
Exchange difference arising on translation of foreign operations	–	–	–	–	–	126,337	–	126,337	6,313	132,650
Fair value change on hedging instruments designated as cash flow hedge	–	–	–	–	(2,159)	–	–	(2,159)	–	(2,159)
Deferred tax charge arising on fair value gain on hedging instruments	–	–	–	–	522	–	–	522	–	522
Release of hedging reserve	–	–	–	–	(120)	–	–	(120)	–	(120)
Deferred tax credit arising on release of hedging reserve	–	–	–	–	29	–	–	29	–	29
Release of cumulative exchange losses upon disposal of a subsidiary *(note 39)*	–	–	–	–	–	(2,198)	–	(2,198)	–	(2,198)
Remeasurement of net defined benefit retirement obligation	–	–	–	–	–	–	(1,328)	(1,328)	–	(1,328)
Total comprehensive income for the year	–	–	–	–	(1,728)	124,139	160,759	283,170	11,861	295,031
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(4,618)	(4,618)
Transfer of other non-distributable reserves	–	–	–	9,399	–	–	(9,399)	–	–	–
Adjustment due to change in interests in an associate from share dilution	–	–	–	57	–	–	–	57	–	57
Disposal of equity interests in a subsidiary	–	–	–	–	–	–	–	–	(3,990)	(3,990)
Acquisition of equity interests in a subsidiary	–	–	–	–	–	–	(187)	(187)	187	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	1,454	1,454
At 31 December 2020	55	250,406	–	22,269	5,520	75,663	859,242	1,213,155	84,226	1,297,381

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Share option reserve	Other non-distributable reserves (note 36(d)(i))	Hedging reserve (note 36(d)(ii))	Translation reserve (note 36(d)(iii))	Accumulated profits	Sub-total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2019	55	250,406	2,565	11,929	(2,944)	(13,065)	616,884	865,830	88,454	954,284
Profit for the year	–	–	–	–	–	–	111,207	111,207	(11,854)	99,353
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(35,537)	–	(35,537)	(1,933)	(37,470)
Fair value change on hedging instruments designated as cash flow hedge	–	–	–	–	13,568	–	–	13,568	–	13,568
Deferred tax charge arising on fair value gain on hedging instruments	–	–	–	–	(3,283)	–	–	(3,283)	–	(3,283)
Release of hedging reserve	–	–	–	–	(122)	–	–	(122)	–	(122)
Deferred tax credit arising on release of hedging reserve	–	–	–	–	29	–	–	29	–	29
Release of cumulative exchange losses upon disposal of a subsidiary *(note 39)*	–	–	–	–	–	126	–	126	–	126
Total comprehensive income for the year	–	–	–	–	10,192	(35,411)	111,207	85,988	(13,787)	72,201
Dividend declared and paid *(note 36(b))*	–	–	–	–	–	–	(21,883)	(21,883)	–	(21,883)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(4,505)	(4,505)
Transfer of other non-distributable reserves	–	–	–	884	–	–	(884)	–	–	–
Effects of share options *(note 35)*	–	–	180	–	–	–	–	180	–	180
Lapse of share options *(note 35)*	–	–	(2,745)	–	–	–	2,745	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	9,170	9,170
At 31 December 2019	55	250,406	–	12,813	7,248	(48,476)	708,069	930,115	79,332	1,009,447

The notes on pages 107 to 190 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	Notes	2020 US$'000	2019 US$'000
OPERATING ACTIVITIES			
Profit before taxation		**205,168**	140,917
Adjustments for:			
Amortisation of deferred connection charges		**(72)**	(84)
Gain from bargain purchase of interest in a subsidiary (note 38)	6	**–**	(147)
Depreciation of property, plant and equipment	10	**193,031**	159,831
Depreciation of right-of-use assets	10	**13,533**	7,753
Finance costs	8	**145,005**	122,120
Net loss/(gain) on disposal of property, plant and equipment	7	**409**	(3,550)
Gain on disposal of a subsidiary	39	**(18,135)**	(548)
Impairment losses recognized in respect of property, plant and equipment	7	**4,384**	27,992
Impairment losses recognized in respect of goodwill	7	**8,995**	–
Interest income	6	**(2,847)**	(4,310)
Recognition of government grants		**(1,278)**	(883)
Reversal of loss allowance on trade and other receivables	10	**(99)**	(1,008)
Share of results of associates		**(29,342)**	(32,807)
Share-based payment expense		**–**	180
Operating cash flows before movements in working capital		**518,752**	415,456
Increase in other non-current assets		**(38,080)**	(169,614)
Decrease in inventories		**3,810**	2,092
Increase in trade receivables		**(84,422)**	(13,132)
Increase in contract assets		**(56,978)**	(59,069)
(Increase)/decrease in other receivables and prepayments		**(22,055)**	82,073
(Increase)/decrease in amounts due from fellow subsidiaries		**(700)**	5,159
(Decrease)/increase in trade payables		**(20,765)**	79,533
Decrease in other payables and accruals		**(11,769)**	(12,780)
Increase in net defined benefit retirement obligation		**1,694**	–
Increase in contract liabilities		**737**	39
Increase in government grants		**627**	39
Cash generated from operations		**290,851**	329,796
Income taxes paid		**(33,971)**	(40,420)
NET CASH FROM OPERATING ACTIVITIES		**256,880**	289,376
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,323,111)**	(1,074,286)
Placement of pledged bank deposits		**(134,527)**	(141,833)
Placement of deposits for acquisition of property, plant and equipment		**(65,010)**	(90,861)
Proceed from sales of non-current assets classified as assets held for sale		**23,916**	–
Payments for right-of-use assets		**(4,303)**	(3,150)
Net cash inflow/(outflow) on disposal of a subsidiary	39	**20,891**	(920)
Withdrawal of pledged bank deposits		**136,933**	166,847
Proceeds from disposal of property, plant and equipment		**41,594**	13,639
Proceeds from disposal of right-of-use assets		**239**	–
Dividends received from associates		**29,723**	13,052
Interest received		**2,847**	4,310
Withdrawal of short-term bank deposits		**2,476**	3,653
Net cash inflow on acquisition of a subsidiary	38	**–**	223
NET CASH USED IN INVESTING ACTIVITIES		**(1,268,332)**	(1,109,326)

Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	2020 *US$'000*	2019 *US$'000*
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(705,630)**	(449,787)
New bank borrowings raised	**1,510,446**	1,216,741
Interest paid	**(145,005)**	(122,120)
Repayment to fellow subsidiaries	**(765,872)**	(42,765)
Dividends paid to shareholders	**–**	(21,883)
Dividends paid to non-controlling shareholders	**(6,305)**	(4,505)
Repayment of lease liabilities	**(6,313)**	(3,671)
Loans from fellow subsidiaries	**724,490**	381,461
Loans from the ultimate holding company	**395,991**	–
Capital contribution from non-controlling shareholders	**1,454**	9,170
NET CASH FROM FINANCING ACTIVITIES	**1,003,256**	962,641
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(8,196)**	142,691
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**384,141**	246,786
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**22,905**	(5,336)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**398,850**	384,141

The notes on pages 107 to 190 form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

1. GENERAL

CGN New Energy Holdings Co., Ltd. (the "**Company**") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2014. The registered office of the Company is at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is at 15/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is CGN Energy International Holdings Co., Limited ("**CGN Energy International**"), a company incorporated in Hong Kong with limited liability, and its ultimate holding company is China General Nuclear Power Corporation ("**CGN**"), a state-owned enterprise established in People's Republic of China (the "**PRC**").

The Company and its subsidiaries (collectively referred to as the "**Group**") are mainly engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Republic of Korea ("**Korea**").

These consolidated financial statements are presented in United States dollar ("**US$**"), which is also 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**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance (the "**Companies Ordinance**").

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Group and the Group's interest in its associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except certain derivative financial instruments that are stated at their fair value as explained in the accounting policies set out in note 2(g).

Non-current assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(x)).

The preparation of 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 values 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 recognized 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

The Group had net current liabilities of approximately US$804,481,000 as at 31 December 2020. CGN, the ultimate holding company of the Company, CGN Finance Co., Ltd. ("**CGN Finance**"), CGN Wind Energy Limited ("**CGN Wind Energy**"), and CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**"), the fellow subsidiaries of the Company, have confirmed in writing that despite the loans from CGN of RMB1,930,000,000 (equivalent to US$295,790,000), CGN Finance of RMB1,170,000,000 (equivalent to US$179,313,000), CGN Wind Energy of RMB600,000,000, (equivalent to US$91,955,000) and CGNPC Huangsheng of US$250,000,000 which are due for repayment within twelve months from 31 December 2020, they will not cancel the existing loan facilities within twelve months from 31 December 2020 and that the loans will be extended upon expiry. Furthermore, taking into account the financial resources of the Group, the Group has unutilised general facilities of US$864,375,000 as at 31 December 2020 for over the next twelve months from the end of the reporting period. In addition, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period.

Taking into account the above-mentioned considerations, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these consolidated financial statements have been prepared on a going concern basis.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(x)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(x)). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other cost directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and (k)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associates *(Continued)*

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate (after applying the ECL model to such other long-term interests where applicable (see note 2(k(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not measured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(k)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(x)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Derivative financial instruments

Derivative financial instruments are recognized at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on the remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 2(h)).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Hedging

The Group designates certain derivatives as hedging instruments to hedge its risk of foreign exchange forward contracts.

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognized in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognized immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognized).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognized in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from the equity to profit or loss immediately.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs(see note 2(w)).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Property, plant and equipment *(Continued)*

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows except for freehold land in Korea:

– Buildings	Over the shorter if the term of the lease, and 20-50 years
– Electric and steam generating facilities	17 to 30 years, or over the relevant operating license period
– Office and electronic equipment	3 – 12 years
– Motor vehicles	5 –10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group, are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognized when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i) and 2(k)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

(i) As a lessee *(Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS *16 Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognized the change in consideration as if it were not a lease modification.

In the statement of financial position, the Group presents right-of-use assets and lease liabilities separately.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(u)(v).

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognizes a loss allowance for expected credit losses ("**ECLs**") on the financial assets measured at amortised cost (including bank balances and cash, trade receivables and other receivables and prepayments) and contract assets.

Financial assets measured at fair value, including derivative financial instruments is not subject to ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls of trade receivables, other receivables and prepayments and contract assets are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Measurement of ECLs *(Continued)*

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. The ECL on these assets is assessed individually for debtors with significant balances based on its historical observed default rates which is adjusted for forward-looking estimates.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Significant increases in credit risk *(Continued)*

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– goodwill; and

– investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets *(Continued)*

– **Calculation of recoverable amount**

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– **Recognition of impairment losses**

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– **Reversals of impairment losses**

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Contract assets and contract liabilities

A contract asset is recognized when the Group recognizes revenue (see note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(n)).

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognized the related revenue (see note 2(u)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(n)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(u)).

(n) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(k)(i)).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(k)(i).

(p) Trade and other payables

Trade and other payables are initially recognized at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrow costs (see note 2(w)).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognized in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognized as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognized in the capital reserve until either the option is exercised (when it is included in the amount recognized in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Defined benefit retirement scheme obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expense on the net defined benefit liability are recognized in profit or loss and allocated by function as part of "staff costs". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current year. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognized as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognized. Net interest expense for the year is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability. The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Remeasurements arising from defined benefit retirement plans are recognized in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Employee benefits *(Continued)*

(iv) Termination benefits

Termination benefits are recognized when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to business combinations, or items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

Notes to the Consolidated Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Income tax *(Continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividends is recognized.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

    – the same taxable entity; or

    – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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 of economic benefits 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 of economic benefits is remote.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from the sale of electricity or steam and tariff income

Revenue from the sale of electricity or steam and tariff income are recognized based upon output delivered. Under the transfer-of-control approach in IFRS 15, *Revenue from Contracts with Customers* ("**IFRS 15**"), revenue from sales of electricity or steam and tariff income is generally recognized upon transmission of electricity and steam to the customers, which is the point of time when the customer has the ability to direct the use of the output and obtain substantially all of the remaining benefits of the output.

(ii) Revenue from capacity charges, connection charges and management service

Capacity charges are payments from independent power purchasers for maintaining availability of some of the Group's power generators for dispatch of electricity, regardless of actual dispatch. Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government. Management service fee income is recognized when the service is provided. The revenue from capacity charges, connection charges and management service are recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs.

(iii) Dividend income

Dividend income is recognized when the shareholder's right to receive payment is established.

(iv) Interest income

Interest income is recognized as it accrues under the effective interest method.

(v) Rental income from operating leases

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Revenue and other income *(Continued)*

(vi) Government grants

Government grants are recognized in the 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. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction dates is the date on which the Group initially recognizes such non-monetary assets or liabilities.

The results of subsidiaries outside Hong Kong are translated into USD at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of subsidiaries outside Hong Kong, are translated into USD at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a subsidiary outside Hong Kong, the cumulative amount of the exchange differences relating to that subsidiary outside Hong Kong is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Non-current assets classified as held for sale

A non-current asset is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset is available for sale in its present condition.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets are recognized at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognized in profit or loss. As long as a non-current asset is classified as held for sale, the non-current asset is not depreciated or amortised.

(y) Related parties

For the purposes of these financial statements, related party includes a person and entity as defined below:

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

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

In addition, government refers to government, government agencies and similar bodies whether local, national or international. A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

Notes 16, 37(a) and 37(e) contain information about the assumptions and their risk factors relating to impairment of goodwill, impairment of trade and other receivables and fair value of financial instruments. Other key source of estimation uncertainty is as follows:

(a) Impairment of non-current assets

If circumstances indicate that the carrying value of a non-current asset may not be recoverable, the asset may be considered impaired, and an impairment loss may be recognized in profit or loss. The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable, except for goodwill which is tested on an annual basis. When such a decline has occurred, the carrying amount is reduced to the recoverable amount.

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment (including right-of-use assets) and goodwill, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate fair value less costs of disposal because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of electricity generation, selling price and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as electricity generation, selling price and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or, except for goodwill, reversal of impairment in future periods.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Korea. Further details regarding the Group's principal activities are disclosed in note 4(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by goods and service and by the timing of revenue recognition is as follows:

	Power plants in the PRC *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**2020 Total** *US$'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by types of goods and services				
– Sales of electricity	**239,448**	**470,436**	**–**	**709,884**
– Tariff income	**188,508**	**–**	**–**	**188,508**
– Sales of steam	**88,398**	**–**	**–**	**88,398**
– Capacity charges	**10,331**	**123,154**	**–**	**133,485**
– Connection charges and others	**–**	**2,737**	**–**	**2,737**
– Management service income	**–**	**–**	**26,880**	**26,880**
	526,685	**596,327**	**26,880**	**1,149,892**
Disaggregated by the timing of revenue recognition				
– Point in time	**516,354**	**473,173**	**–**	**989,527**
– Over time	**10,331**	**123,154**	**26,880**	**160,365**
	526,685	**596,327**	**26,880**	**1,149,892**

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	2019 Total *US$'000*
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by types of goods and services				
– Sales of electricity	246,209	621,806	–	868,015
– Tariff income	141,531	–	–	141,531
– Sales of steam	96,984	–	–	96,984
– Capacity charges	10,253	126,236	–	136,489
– Connection charges and others	47	4,159	–	4,206
– Management service income	–	–	29,056	29,056
	495,024	752,201	29,056	1,276,281
Disaggregated by the timing of revenue recognition				
– Point in time	484,724	625,965	–	1,110,689
– Over time	10,300	126,236	29,056	165,592
	495,024	752,201	29,056	1,276,281

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Revenue *(Continued)*

Performance obligations for contracts with customers

Sales of electricity or steam

Revenue from the sales of electricity or steam are recognized based upon output delivered. Under the transfer-of-control approach in IFRS 15, revenue from the sales of electricity or steam is generally recognized upon transmission of electricity or steam to the customers, which is the point of time when the customer has the ability to direct the use of the output and obtain substantially all of the remaining benefits of the output. A receivable is recognized by the Group when the output is delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group allows a credit period from 30 to 90 days to its customer.

Tariff income from government authorities for sales of electricity

Tariff income is recognized at the same time as the relevant revenue from the sales of electricity is recognized, that is, upon the transmission of electricity to the customers.

Certain amounts of tariff income are subject to the approval for the registration in the Renewable Energy Tariff Subsidy Catalogue (the "**Catalogue**") pursuant to Cai Jian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Department and Reform Commission and the National Energy Administration in March 2012 (the "**2012 Notice**"). The 2012 Notice was superseded by Cai Jian [2020] No.5 Notice on the Measures for Administration of Subsidy Funds for Tariff of Renewable Energy (《可再生能源電價附加補助資金管理辦法》) jointly issued by the Ministry of Finance, the National Department and Reform Commission and the National Energy Administration in January 2020 (the "**2020 Notice**"). Pursuant to the 2020 Notice, the Catalogue is replaced by the Renewable Energy Tariff Subsidy List (the "**List**"), which is registered in the National Renewable Energy Information Centre and approved by the relevant government authorities.

A receivable is recognized at the same time except for those which are pending the approval for the registration in the Catalogue or List from the relevant government authorities, which a contract asset is recognized. Due to the nature of receivables, there is no credit period and the directors of the Company expect that the receivables will be recovered within the Group's normal operating cycle from the time they are recognized.

Capacity charges

Capacity charges are payments from independent power purchasers for maintaining availability of some of the Group's power generators for dispatch of electricity, regardless of actual dispatch. Revenue is recognized over time when the relevant dispatch requirements are met. The credit period is normally 30 days to the independent power purchasers.

Connection charges

Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government in the PRC. The charges are deferred and recognized on a straight-line basis over the estimated service life of the customers which is estimated to be five years. The charges received in advance from customers are classified as contract liabilities.

Management service income

Management service income is recognized overtime when the service is provided. The credit term is normally 30 days.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Revenue *(Continued)*

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

Contracts for capacity charges and management service typically have 3 to 20 years non-cancellable terms in which the Group bills fixed rates by reference to the progress towards complete satisfaction of the relevant performance obligations. The Group elected to apply the practical expedient by recognizing revenue in the amount to which the Group has right to invoice. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

Contracts for sales of electricity and steam typically have 20 years non-cancellable terms. As the revenue from sales of electricity and steam as well as the related tariff income depends on future actual consumption, the revenue arising from these future sales have not been included in the transaction price for revenue recognition purposes.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on geographical location are set out below.

(b) Segment revenue and segment results

The executive directors of the Company reviews the operating results and financial information of the Group based on individual power plant, management companies and on a location basis. Each power plant and management company constitutes an operating segment. For certain operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, produce electricity and/or steam by using similar production processes and all of the electricity and/or steam are distributed and sold to similar classes of customers, provide similar consulting services to customers, their segment information is aggregated into a single reportable operating segment.

The Group has three reportable segments as follows:

(1) Power plants in the PRC – Generation and supply of electricity;

(2) Power plants in Korea – Generation and supply of electricity; and

(3) Management companies – Provision of management services to power plants operated by CGN and its subsidiaries.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment revenue and segment results *(Continued)*

(i) Segment results, assets and liabilities

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

For the year ended 31 December 2020

	Power plants in the PRC *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	**526,685**	**596,327**	**26,880**	**1,149,892**
Segment results	**161,285**	**45,467**	**1,280**	**208,032**
Unallocated other income				**48**
Unallocated operating expenses				**(3,976)**
Unallocated finance costs				**(28,278)**
Share of results of associates				**29,342**
Profit before taxation				**205,168**

For the year ended 31 December 2019

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'000*
Segment revenue – external	495,024	752,201	29,056	1,276,281
Segment results	86,665	57,000	1,349	145,014
Unallocated other income				44
Unallocated operating expenses				(3,189)
Unallocated finance costs				(33,759)
Share of results of associates				32,807
Profit before taxation				140,917

The accounting policies of the reportable segments are the same as the Group's accounting policies set out in note 2. Segment results represents the profit earned by each segment without allocation of certain other income, operating expenses, finance costs and share of results of associates. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment revenue and segment results *(Continued)*

(i) Segment results, assets and liabilities *(Continued)*

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2020	2019
	US$'000	*US$'000*
Segment assets		
Power plants in the PRC	**5,209,023**	3,705,294
Power plants in Korea	**1,532,511**	1,434,335
Management companies	**4,156**	3,221
Total segment assets	**6,745,690**	5,142,850
Interests in associates	**206,083**	190,608
Unallocated		
– Right-of-use assets	**1,441**	2,890
– Others	**23,318**	42,819
Consolidated assets	**6,976,532**	5,379,167

	2020	2019
	US$'000	*US$'000*
Segment liabilities		
Power plants in the PRC	**3,944,793**	2,665,605
Power plants in Korea	**926,266**	887,336
Management companies	**645**	848
Total segment liabilities	**4,871,704**	3,553,789
Unallocated		
– Bank borrowings	**100,000**	100,000
– Loans from fellow subsidiaries	**700,000**	700,000
– Lease liabilities	**1,552**	3,072
– Others	**5,895**	12,859
Consolidated liabilities	**5,679,151**	4,369,720

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, certain right-of-use assets and corporate assets of investment holding companies; and
- all liabilities are allocated to operating segments other than certain bank borrowings, lease liabilities, other payables and accruals and loans from fellow subsidiaries of the Company and unallocated corporate liabilities.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment revenue and segment results *(Continued)*

(ii) Other segment information

For the year ended 31 December 2020

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	136,316	55,886	32	797	193,031
Depreciation of right-of-use assets	11,315	565	204	1,449	13,533
Net loss on disposal of property, plant and equipment	409	–	–	–	409
Interest income	1,949	845	7	46	2,847
Finance costs	98,050	18,678	–	28,277	140,005
Impairment losses recognized in respect of goodwill	8,995	–	–	–	8,995
Impairment losses recognized in respect of property, plant and equipment, net	4,384	–	–	–	4,384
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interests in associates	206,083	–	–	–	206,083
Share of results of associates	29,342	–	–	–	29,342
Income tax	25,087	12,446	–	–	37,533

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment revenue and segment results *(Continued)*

(ii) Other segment information *(Continued)*

For the year ended 31 December 2019

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Depreciation of property, plant and equipment	111,355	47,794	32	650	159,831
Depreciation of right-of-use assets	5,522	582	204	1,445	7,753
Net gain on disposal of property, plant and equipment	3,550	–	–	–	3,550
Interest income	3,004	1,251	11	44	4,310
Finance costs	65,612	22,715	34	33,759	122,120
Impairment losses recognized in respect of property, plant and equipment, net	27,992	–	–	–	27,992
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interests in associates	190,608	–	–	–	190,608
Share of results of associates	32,807	–	–	–	32,807
Income tax	22,350	19,214	–	–	41,564

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment revenue and segment results *(Continued)*

(iii) Information about major customers

Revenue from customers from segment of power plants in Korea of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2020	2019
	US$'000	*US$'000*
Korea Electric Power Corporation ("**KEPCO**")	**188,457**	217,018
Korea Power Exchange	**407,870**	535,183

(iv) Non-current assets by geographical location

The Group operates in three principal geographical areas – the PRC, Korea and Hong Kong. The Group's information about its non-current assets (Note) by location of assets and its associates by location of the relevant associates' business operations are detailed below:

	2020	2019
	US$'000	*US$'000*
PRC	**4,413,557**	3,203,934
Korea	**1,294,521**	1,142,180
Hong Kong	**6,260**	8,088
	5,714,338	4,354,202

Note: Non-current assets excluded derivative financial instruments and deferred tax assets.

5. OTHER OPERATING EXPENSES

	2020	2019
	US$'000	*US$'000*
Depreciation of right-of-use assets *(note 15)*	**13,533**	7,753
Fuel, chemicals, electricity and water	**9,153**	6,120
Consultancy fees	**6,180**	5,052
Tools and consumables	**4,309**	3,411
Outsourcing expenses	**4,039**	6,037
Other maintenance cost	**3,822**	9,682
Insurance expenses	**3,516**	3,311
Other taxes, surcharges and duties	**3,324**	4,140
Transportation and entertainment expenses	**2,721**	4,456
Operation support expenses	**2,638**	3,338
Expense relating to short-term leases	**1,635**	2,411
Office expenses	**1,403**	4,913
Miscellaneous operating expenses	**4,329**	8,744
	60,602	69,368

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

6. OTHER INCOME

	2020	2019
	US$'000	*US$'000*
Income on sales of generating rights *(Note)*	**12,433**	–
Compensation from insurance companies	**118**	412
Equipment rental income	**468**	491
Gain from bargain purchase of interest in a subsidiary *(note 38)*	**–**	147
Government grants *(note 33)*	**4,953**	5,980
Income on sales of scrap materials	**1,097**	3,247
Technical service income	**1,713**	7,412
Interest income	**2,847**	4,310
Others	**2,689**	1,158
	26,318	23,157

Note: One subsidiary of the Group sold its power generating rights for 2020 to a third party during the year ended 31 December 2020 as the power plant ended its operation in 2019.

7. OTHER GAINS AND LOSSES

	2020	2019
	US$'000	*US$'000*
Impairment losses recognized in respect of property, plant and equipment, net *(note 14)*	**(4,384)**	(27,992)
Impairment losses recognized in respect of goodwill *(note 16)*	**(8,995)**	–
Net foreign exchange gain/(loss)	**2,699**	(651)
Net (loss)/gain on disposal of property, plant and equipment	**(409)**	3,550
	(11,089)	(25,093)

8. FINANCE COSTS

	2020	2019
	US$'000	*US$'000*
Interest on:		
Bank borrowings	**99,753**	91,499
Loans from fellow subsidiaries	**41,575**	29,914
Loan from the ultimate holding company	**2,259**	–
Lease liabilities	**1,418**	707
	145,005	122,120

9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2020	2019
	US$'000	*US$'000*
Current tax:		
Provision for the year	**31,597**	30,601
(Over)/under provision in prior years	**(92)**	292
	31,505	30,893
Dividend withholding tax – current year	**4,836**	3,244
Deferred tax *(note 18)*:		
Current year	**1,192**	7,427
	37,533	41,564

The Company is exempted from taxation in Bermuda.

Current tax provision represents provision for the PRC Enterprise Income Tax ("**PRC EIT**") and Korean Corporate Income Tax ("**KCIT**").

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

Certain subsidiaries of the Group in the PRC are under the Western China Development Plan and a preferential tax rate of 15% is granted for an extended period from 2011 to 2020. As a result, the tax rate of 15% is used to calculate the amount of current taxation. During the year ended 31 December 2020, the preferential tax rate is extended from 2020 to 2030.

Pursuant to KCIT law, the statutory income tax of the Group's Korean subsidiaries was calculated at a rate of 24.2% of the estimated assessable profit for the years ended 31 December 2020 and 2019.

Pursuant to Hong Kong tax law, the statutory income tax was calculated at a rate of 16.5% for the years ended 31 December 2020 and 2019. Pursuant to the tax laws in Republic of Malta and in Mauritius, the statutory income tax was calculated at a rate of 35% and 15%, respectively, for the years ended 31 December 2020 and 2019. However, subsidiaries of the Group operating in these jurisdictions have not generated taxable income during both years and therefore, no tax provision has been made by the Group in relation to these subsidiaries.

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9. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS *(Continued)*

(a) Taxation in the consolidated statement of profit and loss represents: *(Continued)*

The Group's subsidiaries and associates that are tax residents in the PRC are subject to the PRC dividend withholding tax ranging from 5% to 10% for those non-PRC tax resident immediate holding companies incorporated in Hong Kong and other jurisdictions, when and if undistributed earnings are declared and to be paid as dividends out of profits that arose on or after 1 January 2008.

The Group's subsidiaries that are tax residents in Korea are subject to a 15% Korean dividend withholding tax for the immediate holding company incorporated in the Republic of Malta when and if undistributed earnings are declared and to be paid to non-PRC or non-Korea residents as dividends out of profits.

Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profit for the current year of the Group's Korean subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

	2020	2019
	US$'000	*US$'000*
Profit before taxation	**205,168**	140,917
Notional tax on profit before taxation calculated at the rates applicable to profits in the countries concerned	**50,409**	34,773
Tax effect of expenses not deductible for tax purpose	**10,351**	21,515
Tax effect of non-taxable income	**(2,091)**	(6,147)
Tax effect of share of results of associates	**(7,330)**	(8,202)
Tax effect of preferential tax rates granted to certain PRC subsidiaries	**(28,930)**	(15,875)
Utilisation of tax losses previously not recognized	**(187)**	(682)
Tax effect of tax losses not recognized	**8,191**	6,378
Withholding tax on distributable profits of subsidiaries and associates	**7,212**	9,512
(Over)/under provision in prior years	**(92)**	292
Income tax expense for the year	**37,533**	41,564

Details of deferred tax movement are set out in note 18.

Notes to the Consolidated Financial Statements

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10. PROFIT FOR THE YEAR

	2020 US$'000	2019 US$'000
Profit for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	193,031	159,831
Depreciation of right-of-use assets	13,533	7,753
Reversal of loss allowance on trade and other receivables	(99)	(1,008)
Staff costs		
– salaries and allowances	74,794	65,096
– contribution to retirement benefits scheme, including directors' emoluments	11,041	11,427
Total staff costs, including directors' emoluments	85,835	76,523
Auditors' remuneration		
– audit services	520	1,193
– non-audit services	164	12
Total auditors' remuneration	684	1,205

11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

2020

Name	Directors' fee US$'000	Salaries and allowances US$'000	Performance related incentive payments US$'000 (Note)	Benefits in kind US$'000	Contributions to retirement benefits schemes US$'000	Total US$'000
Chairman and Non-executive Director						
Mr. CHEN Sui 陳遂	–	–	–	–	–	–
Executive Directors						
Mr. LI Yilun 李亦倫	–	–	–	–	–	–
Mr. ZHANG Zhiwu 張志武 (appointed on 22 January 2020)	–	–	–	–	–	–
Non-executive Directors						
Mr. XING Ping 邢平 (resigned on 24 March 2021)	–	–	–	–	–	–
Mr. YAO Wei 姚威 (resigned on 22 January 2020)	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. LEUNG Chi Ching Frederick 梁子正	52	–	–	–	–	52
Mr. YANG Xiaosheng 楊校生	52	–	–	–	–	52
Mr. WANG Minhao 王民浩	52	–	–	–	–	52
	156	–	–	–	–	156

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11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Directors' emoluments *(Continued)*

2019

Name	Directors' fee *US$'000*	Salaries and allowances *US$'000*	Performance related incentive payments *US$'000* *(Note)*	Benefits in kind *US$'000*	Contributions to retirement benefits schemes *US$'000*	Total *US$'000*
Chairman and Non-executive Director						
Mr. CHEN Sui 陳遂	–	–	–	–	–	–
President and Executive Director						
Mr. LI Yilun 李亦倫	–	–	–	–	–	–
Non-executive Directors						
Mr. XING Ping 邢平	–	–	–	–	–	–
Mr. YAO Wei 姚威	–	–	–	–	–	–
Independent Non-executive Directors						
Mr. LEUNG Chi Ching Frederick 梁子正	51	–	–	–	–	51
Mr. YANG Xiaosheng 楊校生	51	–	–	–	–	51
Mr. WANG Minhao 王民浩	51	–	–	–	–	51
	153	–	–	–	–	153

Note: The performance related incentive payments are based on the Group's performance for the relevant previous years.

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

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

Certain directors have also been employed by CGN and its subsidiaries, so the payments of their emoluments were borne by CGN and its subsidiaries for both years.

Save as Mr. Wang Minhao, one of the independent non-executive directors of the Company, who has agreed to waive his annual director's emoluments for the year ended 31 December 2019, neither the President nor any of the directors of the Company waived any emoluments during both years.

No emoluments were paid to the directors of the Company as an inducement to join for both years.

Notes to the Consolidated Financial Statements

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11. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Individuals with highest emoluments

The five highest paid individuals did not include any directors of the Company for the years ended 31 December 2020 and 2019. The emoluments of the five individuals for the years ended 31 December 2020 and 2019 are as follow:

	2020	2019
	US$'000	*US$'000*
Salaries and allowances	**1,783**	1,322
Contributions to retirement benefits schemes	**23**	49
Performance related incentive payments *(Note)*	**704**	768
	2,510	2,139

Note: The performance related incentive payments are determined by the board of directors of the Company based on the Group's performance.

No benefits in kind and compensations of loss of office were paid to the individuals and no emoluments were paid to the individuals as an inducement to join for both years.

Their emoluments were within the following bands:

	No. of employees	
	2020	2019
Hong Kong dollars ("**HK$**") 2,000,001 to HK$2,500,000 (Equivalent to US$255,001 to US$319,000)	**1**	2
HK$2,500,001 to HK$3,000,000 (Equivalent to US$319,001 to US$383,000)	**2**	2
HK$5,000,001 to HK$5,500,000 (Equivalent to US$638,001 to US$701,000)	**1**	–
HK$6,000,001 to HK$6,500,000 (Equivalent to US$765,001 to US$829,000)	**1**	–
HK$6,500,001 to HK$7,000,000 (Equivalent to US$829,001 to US$893,000)	**–**	1

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12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity shareholders of the Company is based on the following data.

	2020	2019
	US$'000	*US$'000*
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the year attributable to equity shareholders of the Company)	**162,087**	111,207

	2020	2019
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,290,824**	4,290,824

There were no dilution of potential ordinary shares during the year ended 31 December 2020, and therefore, diluted earnings per share are the same as basic earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market prices for shares throughout the year ended 31 December 2019.

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13. EMPLOYEE BENEFITS

(a) Defined contribution plan

Hong Kong

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) for all qualifying employees in Hong Kong. Employees contribute 5% of their relevant income to the MPF Scheme and the Group contributes 10% of each employee's monthly base salary. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 December 2020, the retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss were approximately US$209,000 (2019: US$182,000).

The PRC

In accordance with the relevant rules and regulations of the PRC, the Group's PRC subsidiaries are required to make contributions to the retirement fund administered by the PRC government ranging from 10% to 22% of the total monthly basic salaries of the current employees. In addition, the Group's PRC subsidiaries are required by law to contribute 2% to 15% of basic salaries of the employees for social insurance in relating to staff welfare, housing, medical and education benefits. During the year ended 31 December 2020, the costs charged under such arrangements for the Group's PRC subsidiaries amounted to approximately US$9,282,000 (2019: US$9,942,000).

Korea

The Group's Korean subsidiaries are required by law to contribute 0.833% to 4.5% of the average salaries of the employees for national pension, national health insurance, unemployment insurance, industrial accident compensation insurance and wage claim guarantee fund. During the year ended 31 December 2020, the cost charged under such arrangements for the Group's Korean subsidiaries amounted to approximately US$1,139,000 (2019: US$1,303,000).

In the PRC and Korea, the Group cannot reduce the existing level of contributions by the forfeited contributions made by the employers on behalf of the employees who leave the defined contribution schemes before the vesting period. As such, no forfeited contribution was used to reduce both years' level of contributions and no forfeited contribution was available at 31 December 2020 and 2019 to reduce future years' contributions in the PRC and Korea. In Hong Kong, the Group has utilized nil forfeited contributions to reduce the current year's level of contributions for the year ended 31 December 2020 (US$22,000 for the year ended 31 December 2019). As at 31 December 2020 and 2019, no material forfeited contribution was available to reduce the contribution payable in future years in Hong Kong.

(b) Defined benefit retirement plan

Korea

In accordance with the relevant rules and regulations in Korea, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay of service for each year based on their rate of latest salary and the length of service upon termination of their employment or retirement.

The scheme is funded by contributions from the Group's Korean subsidiaries in accordance with an independent actuary's recommendation based on annual actuarial valuations. The latest independent actuarial valuation of the scheme was at 31 December 2020 and were prepared by the qualified staff of Shinhan Bank Co., Ltd, who are members of the Society of Actuaries of the United States of America and Institute of Actuaries of Korea, using the projected unit credit method.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

13. EMPLOYEE BENEFITS *(Continued)*

(b) Defined benefit retirement plan *(Continued)*

Korea *(Continued)*

The plan exposes the Group to actuarial risks, such as investment risk, interest rate risk and salary risk. Information about the plan is disclosed below:

(i) The amount recognized in the statement of financial position is as follows:

	2020	2019
	US$'000	*US$'000*
Present value of wholly or partly funded obligations	**17,327**	–
Fair value of plan assets	**(14,535)**	–
Net defined benefit retirement scheme liability	**2,792**	–

A portion of the above asset is expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts recoverable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay US$2,757,000 (2019: US$1,038,000) in contributions to defined benefit retirement scheme during the year ended 31 December 2020.

(ii) Plan assets consist of the following:

	2020	2019
	US$'000	*US$'000*
Cash	**(14,535)**	–

There were no asset-liability matching strategies used by the scheme of the Group.

(iii) Movements in the present value of the defined benefit obligations:

	2020	2019
	US$'000	*US$'000*
At beginning of the year	**–**	–
Reclassification	**13,758**	–
Remeasurements:		
– Actuarial losses from changes in experience	**609**	–
– Actuarial losses from changes in financial assumptions	**992**	–
	15,359	–
Benefits paid by the scheme	**(734)**	–
Current service cost	**1,410**	–
Interest cost	**226**	–
Exchange differences	**1,066**	–
At end of the year	**17,327**	–

13. EMPLOYEE BENEFITS *(Continued)*

(b) Defined benefit retirement plan *(Continued)*

Korea *(Continued)*

(iv) Movements in plan assets:

	2020 **US$'000**	2019 US$'000
At beginning of the year	**–**	–
Reclassification	**(12,660)**	–
Group's contributions paid to the plan	**(1,575)**	–
Benefits paid by the plan	**720**	–
Return on plan assets greater than discount rate	**152**	–
Administrative expenses paid from plan assets	**33**	–
Interest income	**(328)**	–
Exchange differences	**(877)**	–
At end of the year	**(14,535)**	–

(v) Amounts recognized in the consolidated profit or loss and other comprehensive income are as follows:

	2020 **US$'000**	2019 US$'000
Current service cost	**1,409**	–
Net interest cost	**(101)**	–
Administrative expenses paid from plan assets	**33**	–
Total amounts recognized in profit or loss	**1,341**	–
Actuarial losses	**1,602**	–
Return on plan assets less than discount rate	**151**	–
Total amounts recognized in other comprehensive income, before tax	**1,753**	–
Tax expenses	**(425)**	–
Total amounts recognized in other comprehensive income	**1,328**	–

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13. EMPLOYEE BENEFITS *(Continued)*

(b) Defined benefit retirement plan *(Continued)*

Korea *(Continued)*

(vi) The principal actuarial assumptions used as at 31 December 2020 are as follows:

	2020	2019
Discount rate	**2.72%-2.74%**	–
Future salary increases	**5.00%**	–

The below analysis shows how the defined benefit obligation as at 31 December 2020 would have increased/(decreased) as a result of 1% change in the significant actuarial assumptions:

	Increase in 1% ***US$'000***	Decrease in 1% *US$'000*
Discount rate	**(1,356)**	1,046
Future salary increases	**1,005**	(1,345)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

The expected long-term rate of return on plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based on market expectation, at the beginning of the year, for returns net of administrative costs, over the entire life of the related obligations.

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14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Korea US$'000	Buildings US$'000	Electric and steam generating facilities US$'000	Office and electronic equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
COST							
At 1 January 2019	75,025	634,747	2,772,979	13,285	4,160	215,546	3,715,742
Exchange differences	(2,341)	(81,751)	(197,171)	(2,515)	(169)	(15,376)	(299,323)
Acquisition of a subsidiary *(note 38)*	–	7,444	16,965	3	–	194	24,606
Additions	–	85,886	36,673	6,092	2,107	1,058,744	1,189,502
Disposals	–	(11,722)	(17,766)	(1,179)	(864)	(56)	(31,587)
Reclassified as held for sale *(note 27)*	–	–	(44,112)	(981)	–	–	(45,093)
Transfer	–	30,816	212,478	22	–	(243,316)	–
At 31 December 2019	**72,684**	**665,420**	**2,780,046**	**14,727**	**5,234**	**1,015,736**	**4,553,847**
Exchange differences	**4,910**	**57,339**	**306,253**	**3,241**	**740**	**88,531**	**461,014**
Additions	**–**	**18,354**	**49,053**	**2,506**	**2,531**	**1,128,688**	**1,201,132**
Disposals	**–**	**(179)**	**(67,964)**	**(1,472)**	**(592)**	**(2,557)**	**(72,764)**
Disposal of a subsidiary *(note 39)*	**–**	**(8,024)**	**(32,454)**	**(197)**	**(178)**	**(212)**	**(41,065)**
Transfer	**–**	**148,351**	**632,061**	**266**	**–**	**(780,678)**	**–**
At 31 December 2020	**77,594**	**881,261**	**3,666,995**	**19,071**	**7,735**	**1,449,508**	**6,102,164**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2019	–	225,666	803,281	7,830	2,667	–	1,039,444
Exchange differences	–	(16,464)	(101,053)	(1,201)	(109)	–	(118,827)
Charge for the year	–	23,556	133,892	1,853	530	–	159,831
Impairment losses recognized in profit or loss *(Note a)*	–	15,572	29,315	752	–	–	45,639
Reversal of impairment losses recognized in profit or loss	–	(2,178)	(15,359)	(110)	–	–	(17,647)
Disposals	–	(4,756)	(14,894)	(1,049)	(799)	–	(21,498)
Reclassified as held for sale *(note 27)*	–	–	(23,889)	(886)	–	–	(24,775)
At 31 December 2019	**–**	**241,396**	**811,293**	**7,189**	**2,289**	**–**	**1,062,167**
Exchange differences	**–**	**26,117**	**122,364**	**2,563**	**481**	**–**	**151,525**
Charge for the year	**–**	**38,440**	**151,330**	**2,278**	**983**	**–**	**193,031**
Impairment losses recognized in profit or loss *(Note b)*	**–**	**1,814**	**2,570**	**–**	**–**	**–**	**4,384**
Disposals	**–**	**(45)**	**(28,811)**	**(1,352)**	**(553)**	**–**	**(30,761)**
Disposal of a subsidiary *(note 39)*	**–**	**(5,587)**	**(19,770)**	**(40)**	**(97)**	**–**	**(25,494)**
At 31 December 2020	**–**	**302,135**	**1,038,976**	**10,638**	**3,103**	**–**	**1,354,852**
CARRYING AMOUNTS							
At 31 December 2020	**77,594**	**579,126**	**2,628,019**	**8,433**	**4,632**	**1,449,508**	**4,747,312**
At 31 December 2019	72,684	424,024	1,968,753	7,538	2,945	1,015,736	3,491,680

At 31 December 2020, the Group has not yet obtained the ownership certificates of certain buildings with carrying values of US$8,229,000 (2019: US$46,379,000).

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14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 31 December 2020 and 2019, certain amounts of the property, plant and equipment have been pledged as securities for the borrowings. Details are set out in note 31.

Notes:

(a) During the year ended 31 December 2019, the Group recognized an impairment loss of US$45,639,000 with respect to the end of the operating period of power plant located in the Henan province, which will be expired by 31 December 2019. The Group has no intention to extend the operating period due to cost efficiency and performed an impairment assessment with recoverable amounts of the relevant assets determined on the basis of fair value less cost of disposal. In determining the fair value of the relevant plant and equipment, the Group engaged a third party qualified valuer to perform the valuation. The fair value has been arrived at on the basis of market approach with reference to the second-hand market value.

(b) As disclosed in note 16, the carrying amounts of certain PRC cash-generating units are higher than their respective recoverable amounts. Impairment losses are recognized by first reducing the carrying amounts of the goodwill allocated to the cash-generating units, and the remaining impairment losses of US$4,384,000 are allocated to properties, plant and equipment in the cash-generating units.

15. RIGHT-OF-USE ASSETS

	Leasehold lands *US$'000*	**Land and buildings** *US$'000*	**Total** *US$'000*
As at 1 January 2019			
Carrying amount	51,345	28,307	79,652
As at 31 December 2019			
Carrying amount	49,841	35,985	85,826
For the year ended 31 December 2019			
Depreciation charge	3,574	4,179	7,753
Additions to right-of-use assets			15,762
As at 1 January 2020			
Carrying amount	49,841	35,985	85,826
As at 31 December 2020			
Carrying amount	52,768	33,869	86,637
For the year ended 31 December 2020			
Depreciation charge	9,659	3,874	13,533
Additions to right-of-use assets			10,445

Amounts in the cash flow statement for leases comprise the following:

	2020 ***US$'000***	2019 *US$'000*
Within operating cash flows	**1,635**	2,411
Within investing cash flows	**4,064**	3,150
Within financing cash flows	**7,731**	4,378
	13,430	9,939

For both years, the Group leases land and buildings (including offices and rooftops) for its operations. Other than the lease contracts of land use rights which are entered into for 17 to 30 years, lease contracts for other assets are entered into for fixed term of 3 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its operating facilities are primarily located with office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties have been presented separately.

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16. GOODWILL

	2020 *US$'000*	2019 *US$'000*
COST		
At 1 January	**167,236**	169,976
Exchange differences	**11,508**	(2,740)
At 31 December	**178,744**	167,236
ACCUMULATED IMPAIRMENT LOSSES		
At 1 January	**–**	–
Impairment losses recognized in profit or loss	**(8,995)**	–
Exchange differences	**(508)**	–
	(9,503)	–
CARRYING AMOUNTS		
At 31 December	**169,241**	167,236

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units ("**CGUs**") or group of cash-generating units as follow:

	2020 *US$'000*	2019 *US$'000*
Wind Energy Subsidiaries (as defined below) *(Note)*	**120,954**	115,013
Solar Energy Subsidiaries (as defined below) *(Note)*	**46,810**	50,788
Multiple units without significant goodwill	**1,477**	1,435
	169,241	167,236

Note:

For the purpose of impairment testing, goodwill has been allocated to the subsidiaries under CGN Wind Energy Limited acquired in 2015 ("**Wind Energy Subsidiaries**") and subsidiaries under CGN Solar Energy Development Co., Ltd. acquired in 2015 ("**Solar Energy Subsidiaries**") which are considered as group of cash-generating units. The recoverable amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries have been determined based on value in use calculations. Goodwill impairment testing has been assessed for the Wind Energy Subsidiaries and Solar Energy Subsidiaries individually. These calculations are based on the present value of the cash flow projections covering the operation period of each individual cash-generating unit. The cash flow projections derived from the most recent financial budgets approved by management which cover operation periods ranging from 9 to 43 years. The cash flow projections are discounted using discount rate ranged from 8.73% to 10.17% (2019: from 9.20% to 9.22%). Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on past performance of the Wind Energy Subsidiaries and Solar Energy Subsidiaries and management's expectations for the market development. The estimated annual average growth rates in electricity generation volume ranging from -3.0% to 8.1% (2019: 0% to 3.0%).

During the year ended 31 December 2020, due to the uncertainty of the future tariff rate following the issuance of Caijian No. 4 [2020], Several Opinions on Promoting the Healthy Development of the Power Generation of Non-hydro Renewable Energy by the Ministry of Finance, the National Development and Reform Commission, and the National Energy Administration, impairment losses of US$1,905,000 and US$7,090,000 were recognized in "Other gains and losses" in relation to certain CGUs of the Group's Wind Energy Subsidiaries and Solar Energy Subsidiaries respectively. Three cash-generating units, CGN Gansu Guazhou Wind Power Co., Ltd (中廣核甘肅瓜州風力發電有限公司), CGN Solar Wulan Co., Ltd (中廣核太陽能烏蘭有限公司) and CGN Solar (Jiaxing) Co., Ltd. (中廣核太陽能 (嘉興) 有限公司), have been reduced to their recoverable amounts of US$85,980,000, US$37,317,000 and US$9,018,000 respectively and adverse change in the assumptions used in the calculations of recoverable amounts would result in further impairment losses.

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17. INTERESTS IN ASSOCIATES

	2020 US$'000	2019 US$'000
Cost of unlisted investment in associates	**147,005**	147,005
Share of post-acquisition profits net of dividends received, and exchange realignment	**59,078**	43,603
	206,083	190,608

The following list contains the particulars of associates of the Group, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associates	Place of establishment and principle place of business	Legal form	Registered and paid up capital	Proportion of ownership interest and voting right held by the Group		Principal activities
				2020	2019	
Hubei Huadian Xisaishan Power Generation Co., Ltd. ("**Hubei Huadian**") 湖北華電西塞山發電有限公司	The PRC	Sino-foreign equity joint venture	Renminbi ("**RMB**") 950,000,000	**49%**	49%	Generation and supply of electricity
Hubei Xisaishan Power Generation Co., Ltd. ("**Hubei Xisaishan**") 湖北西塞山發電有限公司	The PRC	Sino-foreign cooperative joint venture	RMB945,000,000	**49%**	49%	Generation and supply of electricity
Jiangxi United Energy Co., Ltd. ("**Jiangxi United**") 江西聯合能源有限公司	The PRC	Sino-foreign cooperative joint venture	RMB76,328,972 (2019: RMB52,964,485)	**6.55%** *(Note)*	9.44% *(Note)*	Generation and supply of electricity

Note: The board of directors considered the Group has a significant influence over Jiangxi United as they have nominated a representative on the board of directors and participated in policy-making processes.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

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17. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates

Summarised financial information of the above associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

(a) Hubei Xisaishan

	2020	2019
	US$'000	*US$'000*
Gross amount of the associate		
Current assets	**79,724**	81,717
Non-current assets	**154,073**	161,283
Current liabilities	**(65,510)**	(85,305)
Non-current liabilities	**(773)**	(573)
Equity	**167,514**	157,122
Revenue	**163,206**	197,815
Profit and total comprehensive income for the year	**17,590**	18,704
Dividends received from the associate during the year	**9,477**	5,215

	2020	2019
	US$'000	*US$'000*
Reconciled to Group's interests in the associate		
Gross amounts of net assets of the associate	**167,514**	157,122
Group's share of net assets of the associate	**49%**	49%
Group's effective interest	**82,082**	76,990
Carrying amount in the consolidated financial statements	**82,082**	76,990

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17. INTERESTS IN ASSOCIATES *(Continued)*

(b) Hubei Huadian

	2020 US$'000	2019 US$'000
Gross amount of the associate		
Current assets	**60,630**	76,036
Non-current assets	**475,779**	466,459
Current liabilities	**(212,064)**	(156,976)
Non-current liabilities	**(76,209)**	(158,385)
Equity	**248,136**	227,134
Revenue	**380,032**	484,461
Profit and total comprehensive income for the year	**42,245**	48,259
Dividends received from the associate during the year	**20,246**	7,837

	2020 US$'000	2019 US$'000
Reconciled to Group's interests in the associate		
Gross amounts of net assets of the associate	**248,136**	227,134
Group's share of net assets of the associate	**49%**	49%
Group's effective interest	**121,587**	111,296
	121,587	111,296
Goodwill	**1,591**	1,591
Carrying amount in the consolidated financial statements	**123,178**	112,887

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17. INTERESTS IN ASSOCIATES *(Continued)*

(c) Jiangxi United

	2020 US$'000	2019 US$'000
Gross amount of the associate		
Current assets	**6,473**	5,637
Non-current assets	**51,605**	23,972
Current liabilities	**(1,758)**	(1,150)
Non-current liabilities	**(43,755)**	(20,715)
Equity	**12,565**	7,744
Revenue	**1,636**	739
Profit and total comprehensive income for the year	**438**	30

	2020 US$'000	2019 US$'000
Reconciled to Group's interests in the associate		
Gross amounts of net assets of the associate	**12,565**	7,744
Group's share of net assets of the associate	**6.55%**	9.44%
Group's effective interest	**823**	731
Carrying amount in the consolidated financial statements	**823**	731

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18. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020 *US$'000*	2019 *US$'000*
Tax payable		
– PRC EIT	**3,202**	3,434
– KCIT	**5,879**	6,165
Tax payable	**9,081**	9,599

	2020 *US$'000*	2019 *US$'000*
Tax recoverable		
– PRC EIT	**216**	3,973

(b) Deferred tax assets and liabilities recognized:

(i) Movement of each component of deferred tax assets and liabilities

The following are the major deferred tax (liabilities)/assets recognized and movements thereon during the current and prior years:

	Withholding tax on distributable profits *US$'000*	**Accelerated tax depreciation** *US$'000*	**Revaluation of right-of-use assets** *US$'000*	**Fair value adjustment of property, plant and equipment** *US$'000*	**Deferred connection charges** *US$'000*	**Others** *US$'000*	**Total** *US$'000*
At 1 January 2019	(32,921)	(1,823)	(8,948)	19,356	235	698	(23,403)
Exchange differences	493	79	–	(192)	(2)	(43)	335
Acquisition of a subsidiary *(note 38)*	–	–	–	1,167	–	–	1,167
Charge to hedging reserve	–	–	–	–	–	(3,254)	(3,254)
(Charge)/credit to profit or loss	(6,268)	(36)	192	(1,116)	(199)	–	(7,427)
At 31 December 2019	(38,696)	(1,780)	(8,756)	19,215	34	(2,599)	(32,582)
Exchange differences	(1,895)	(108)	1,436	1,886	1	(182)	1,138
Disposal of a subsidiary *(note 39)*	–	–	–	–	(35)	–	(35)
Charge to hedging reserve	–	–	–	–	–	551	551
(Charge)/credit to profit or loss	(2,376)	1,018	1,250	(1,084)	–	–	(1,192)
At 31 December 2020	(42,967)	(870)	(6,070)	20,017	–	(2,230)	(32,120)

Notes to the Consolidated Financial Statements

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18. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognized: *(Continued)*

(i) Movement of each component of deferred tax assets and liabilities *(Continued)*

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2020	2019
	US$'000	*US$'000*
Deferred tax assets	**21,794**	21,134
Deferred tax liabilities	**(53,914)**	(53,716)
	(32,120)	(32,582)

(ii) Deferred tax assets not recognized

As at 31 December 2020, the Group has unused tax losses of approximately US$60,271,000 (2019: approximately US$31,654,000), available for offset against future profits. No deferred tax asset has been recognized in respect of the tax losses due to the unpredictability of future profit streams. The tax losses will be expired at various times within a period of five years from the year of origination.

19. OTHER NON-CURRENT ASSETS

	2020	2019
	US$'000	*US$'000*
Deposits for acquisition of property, plant and equipment	**292,757**	192,496
Value-added tax receivables	**187,061**	128,454
Prepaid insurance expenditure and usage right of electricity transmission facilities	**538**	667
Prepayment for maintenance	**16,650**	4,575
Others	**8,059**	12,629
	505,065	338,821

20. INVENTORIES

	2020	2019
	US$'000	*US$'000*
Coal and oil	**5,204**	7,224
Spare parts and supplies	**19,418**	21,359
Less: allowance for inventories	**(177)**	–
	24,445	28,583

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21. TRADE RECEIVABLES

	2020 US$'000	2019 US$'000
Trade receivables – contracts with customers	**430,976**	327,831
Less: allowance for credit losses	**(703)**	(536)
	430,273	327,295

The following is the aging analysis of trade receivables net of loss allowance presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition dates.

	2020 US$'000	2019 US$'000
0 – 60 days	**151,034**	140,573
61 – 90 days	**12,617**	9,874
91 – 180 days	**39,961**	28,918
Over 180 days	**226,661**	147,930
	430,273	327,295

As at 31 December 2020, included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$135,178,000 (2019: US$123,295,000) from the sales of electricity and other services, which are due within 30 to 90 days from the date of billing.

As at 31 December 2020, included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$295,095,000 (2019: US$204,000,000) from the tariff income receivables. The collection of tariff income receivables is subject to settlement by state grid companies upon finalisation of the allocation of funds by relevant PRC government authorities to the state grid companies. As a result, the tariff income receivables is not considered as overdue or in default because these receivables are tariff income receivables from relevant government authorities pursuant to the 2020 Notice (31 December 2019: the 2012 Notice) (see note 4). The tariff income receivables have been approved by the relevant government authorities and is expected to be recovered within the Group's normal operating cycle but maybe beyond 12 months from the reporting date. Based on the historical settlement record and forward-looking information that is available without undue cost and effort at 31 December 2020, the directors of the Company consider the receivables are not credit-impaired and not considered as in default as detailed in note 37.

The Group does not hold any collateral over the trade receivables balances.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in note 37.

Notes to the Consolidated Financial Statements

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22. CONTRACT ASSETS

	2020 US$'000	2019 US$'000
Tariff income from sales of renewable energy	**146,637**	80,031
Current	**146,637**	–
Non-current	**–**	80,031
	146,637	80,031

The contract assets represented tariff income receivables from sale of renewable energy to the local state grid in the PRC, which these amounts are pending approval for the registration in the List or the Catalogue by the relevant government authorities. The contract assets are transferred to trade receivables when the right become unconditional, upon the Group's respective operating renewable firms are registered in the List or the Catalogue.

As at 31 December 2020, the balance is classified as current as they are expected to be transferred to trade receivables and to be received within the Group's normal operating cycle.

Further details on the Group's credit policy and credit risk arising from contract assets are set out in note 37.

23. OTHER RECEIVABLES AND PREPAYMENTS

The balance includes value-added tax receivables of US$61,163,000 (2019: US$41,604,000) and other miscellaneous deposits and prepayments.

All of the balances are expected to be recovered or recognized as expense within one year.

24. AMOUNTS DUE FROM/(TO) ASSOCIATES/FELLOW SUBSIDIARIES/ NON-CONTROLLING SHAREHOLDERS

As at 31 December 2020 and 2019, all amounts are non-trade nature, unsecured, non-interest bearing and recoverable/ (repayable) on demand, except for an amount due to a non-controlling shareholder of US$1,085,000 (2019: US$953,000) is repayable in 2032 and is therefore shown as non-current liabilities.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	2020		2019	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Derivatives that are designated and effective as hedging instruments carried at fair value	**7,268**	**–**	9,030	–
Financial assets at FVTPL	**9**	**63**	203	230
Foreign exchange forward contracts	**7,277**	**63**	9,233	230
Analysed for reporting purposes as:				
Non-current	**5,445**	**–**	8,667	46
Current	**1,832**	**63**	566	184
	7,277	**63**	9,233	230

25. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The major terms of the foreign exchange forward contracts are as follows.

Notional amounts	Maturity	Exchange rate
At 31 December 2020		
Buy Euro ("**EUR**") 1,092,541	Range from 29 January 2021 to 26 February 2021	Range from EUR1: KRW1,362.30 to EUR1: KRW1,366.64
Buy US$1,787,372	Range from 29 January 2021 to 30 March 2021	Range from US$1: KRW1,080.11 to US$1: KRW1,205.00
Buy Canadian dollar ("**CAD**") 284,119,795	Range from 18 Feb 2021 to 13 December 2023	Range from CAD1: KRW815.50 to CAD1: KRW836.28
At 31 December 2019		
Buy EUR 9,537,160	Range from 30 January 2020 to 26 February 2021	Range from EUR1: KRW1,320.71 to EUR1: KRW1,366.64
Buy US$3,826,260	Range from 31 January 2020 to 26 February 2021	Range from US$1: KRW1,080.11 to US$1: KRW1,099.19
Buy CAD 296,369,795	Range from 21 July 2020 to 13 December 2023	Range from CAD1: KRW815.50 to CAD1: KRW840.80

The amounts recognized for the foreign exchange forward contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognized amounts is only enforceable upon an event of default.

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with certain committed purchase transactions covering 100% of the exposure. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.

For the hedges of highly probable forecast purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The Group has entered into contracts to purchases raw materials from suppliers in Canada. The Group has entered into foreign exchange forward contracts (for terms exceeding a year) to hedge the exchange rate risk arising from these committed future purchases.

As at 31 December 2020, the aggregate amount of gain under foreign exchange forward contracts deferred in the hedging reserve relating to these committed future purchase transactions is US$5,104,000 (2019: loss of US$6,609,000). During the year ended 31 December 2020, the gain in fair value of hedging instrument of forecast purchases recognized in other comprehensive income, net of deferred tax, is US$1,637,000 (2019: loss of US$10,285,000). It is committed that the purchases will take place during the next three years (2019: four years) at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be consumed for the generation of electricity and sold within 12 months after purchases.

26. BANK BALANCES AND CASH/SHORT-TERM BANK DEPOSITS/ PLEDGED BANK DEPOSITS

(a) Bank balances carry interest at market rates which range from 0% to 1.75% (2019: 0% to 1.68%) per annum as at 31 December 2020. The pledged bank deposits carry interest at market rates ranging from 0.1% to 0.84% (2019: 0.1% to 1.68%) per annum as at 31 December 2020.

Included in the bank balances, deposits of US$34,572,000 (2019: US$28,620,000) has been made to CGNPC Huasheng. These deposits are unsecured, interest bearing at market rates ranging from 0.01% to 0.25% (2019: 0.01% to 0.25%) and recoverable on demand. As the Group can withdraw these deposits without giving any notice and without suffering any penalty, the directors of the Company consider that these deposits made to CGNPC Huasheng qualified as cash and cash equivalents.

As at 31 December 2020, bank balances and cash of US$304,762,000 (2019: US$329,196,000) are deposited in CGN Finance, a fellow subsidiary established in the PRC with limited liability and a non-banking financial institution subject to the regulations of the People's Bank of China and the China Banking Regulatory Commission, in the PRC.

Short-term bank deposits are bank deposits carry at fixed deposit rate at 1.75% per annum with maturity period for more than three months.

Pledged bank deposits are pledged to banks to secure bank borrowings granted to the Group (note 31), and it cannot be withdrawn prior to the approval of the relevant banks.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Lease liabilities	Loans from fellow subsidiaries	Loans from the ultimate holding company	Dividend payable	Amounts due to fellow subsidiaries	Amounts due to non-controlling shareholders	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 31)	*(note 32)*	*(note 30)*	*(note 30)*		*(note 24)*	*(note 24)*	
At 31 December 2018	1,964,945	–	743,711	–	–	3,001	9,906	2,721,563
Adjustment upon application of IFRS 16	–	22,162	–	–	–	–	–	22,162
At 1 January 2019 (restated)	1,964,945	22,162	743,711	–	–	3,001	9,906	2,743,725
Financing cash flows *(Note)*	675,455	(4,378)	303,322	–	(21,883)	5,460	(4,505)	953,471
Dividend declared	–	–	–	–	21,883	–	4,505	26,388
Acquisition of a subsidiary *(note 38)*	22,276	–	–	–	–	–	–	22,276
New leases entered	–	12,612	–	–	–	–	–	12,612
Interest expenses recognized	91,499	707	29,914	–	–	–	–	122,120
Foreign exchange translation	(156,278)	(761)	(4,251)	–	–	(49)	(363)	(161,702)
At 31 December 2019	2,597,897	30,342	1,072,696	–	–	8,412	9,543	3,718,890
Financing cash flows *(Note)*	**705,063**	**(7,731)**	**(41,382)**	**393,732**	**–**	**(41,575)**	**(6,305)**	**1,001,802**
Disposal of a subsidiary *(note 39)*	**(5,651)**	**(820)**	**–**	**–**	**–**	**–**	**–**	**(6,471)**
New leases entered	**–**	**6,143**	**–**	**–**	**–**	**–**	**–**	**6,143**
Interest expenses recognized	**99,753**	**1,418**	**–**	**2,259**	**–**	**41,575**	**–**	**145,005**
Dividend declared	**–**	**–**	**–**	**–**	**–**	**–**	**4,618**	**4,618**
Foreign exchange translation	**213,782**	**1,570**	**23,436**	**22,406**	**–**	**326**	**594**	**262,114**
At 31 December 2020	**3,610,844**	**30,922**	**1,054,750**	**418,397**	**–**	**8,738**	**8,450**	**5,132,101**

Note: The cash flows from bank borrowings, lease liabilities, loans from fellow subsidiaries and the ultimate holding company, dividend payable, amounts due to fellow subsidiaries, and amounts due to non-controlling shareholders make up the net amount of proceeds and repayments in the consolidated statement of cash flows.

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27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 8 May 2019, the Group entered into an agreement with an independent third party, committee of Haian National Economic And Technical Development Zone (the "**Committee**"), to dispose of one of the Group's construction lands and certain electric and steam generating facilities and equipment in the PRC. The assets that are expected to be sold within twelve months from the end of the reporting period have been classified as non-current assets classified as held for sale and are separately presented in the consolidated statement of financial position.

Major classes of assets as at the end of the reporting period are as follows:

	2020	2019
	US$'000	*US$'000*
Total assets classified as held for sale		
– Property, plant and equipment	**–**	20,318

During the year ended 31 December 2020, the above assets have been transferred to the Committee and non-current assets classified as held for sale is derecognized.

28. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2020	2019
	US$'000	*US$'000*
0 – 60 days	**58,490**	82,787
61 – 90 days	**1,679**	73,365
Over 90 days	**10,535**	86,619
Total	**70,704**	242,771

The average credit period on purchases of goods is 26 days (2019: 39 days) for the year ended 31 December 2020. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

29. OTHER PAYABLES AND ACCRUALS

	2020	2019
	US$'000	*US$'000*
Construction costs payable	**335,382**	275,911
Staff costs payable	**11,583**	9,005
Accrued interest expense on borrowings	**3,904**	3,437
Value-added tax payable	**11,678**	12,478
Others	**35,477**	31,868
	398,024	332,699

All of the amounts are expected to be settled within one year.

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30. LOANS FROM FELLOW SUBSIDIARIES AND THE ULTIMATE HOLDING COMPANY

As at 31 December 2020, the amounts represent:

	Notes	**2020** ***US$'000***	2019 *US$'000*
Loans from fellow subsidiaries			
– due within 1 year:			
CGN Finance	*i*	**179,313**	229,351
CGN Wind Energy	*ii*	**91,955**	143,345
CGNPC Huasheng	*iii*	**250,000**	–
		521,268	372,696
Loan from the ultimate holding company			
– due within 1 year:			
CGN	*iv*	**295,790**	–
Loan from fellow subsidiaries			
– due after 1 year:			
CGN Finance	*i*	**6,753**	–
CGN Finance	*i*	**76,729**	–
CGNPC Huasheng	*iii*	**–**	250,000
China Clean Energy Development Limited	*v*	**450,000**	450,000
		533,482	700,000
Loan from the ultimate holding company			
– due after 1 year:			
CGN	*iv*	**122,607**	–

Notes:

(i) Loan from CGN Finance of RMB1,170,000,000 (equivalent to US$179,313,000) (2019: RMB1,600,000,000 (equivalent to US$229,351,000)) is unsecured, interest bearing at 3.45% per annum and repayable in 2021.

Loan from CGN Finance of RMB44,056,000 (equivalent to US$6,753,000) (2019: nil) is unsecured, interest bearing at 4.21% per annum and repayable in 2035.

Loan from CGN Finance of RMB500,651,000 (equivalent to US$76,729,000) (2019: nil) is unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.39% per annum and repayable in 2040.

(ii) Loan from CGN Wind Energy of RMB600,000,000 (equivalent to US$91,955,000) (2019: RMB1,000,000,000 (equivalent to US$143,345,000)) is unsecured, interest bearing at 3.50% per annum and repayable in 2021.

(iii) Loan from CGNPC Huasheng of US$250,000,000 (2019: US$250,000,000) is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.30% per annum and repayable in 2021.

(iv) Loan from CGN of RMB1,930,000,000 (equivalent to US$295,790,000) (2019: nil) is unsecured, interest bearing at 3.00% per annum and repayable in 2021.

Loan from CGN of RMB800,000,000 (equivalent to US$122,607,000) (2019: nil) is unsecured, interest bearing at 3.00% per annum and repayable in 2022.

(v) Loan from China Clean Energy Development Limited ("**China Clean Energy**") of US$450,000,000 (2019: US$450,000,000) is unsecured, interest bearing at 4.50% per annum and repayable in 2025.

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31. BANK BORROWINGS

	2020 US$'000	2019 US$'000
Secured	**2,979,540**	2,189,360
Unsecured	**631,304**	408,537
	3,610,844	2,597,897
The maturity profile of bank borrowings is as follows:		
Within 1 year	**721,579**	576,214
After 1 year but within 2 years	**323,538**	315,074
After 2 years but within 5 years	**951,658**	648,395
Over 5 years	**1,614,069**	1,058,214
	2,889,265	2,021,683
	3,610,844	2,597,897

The exposure of the fixed-rate borrowings are as follows:

	2020 US$'000	2019 US$'000
Fixed-rate borrowings		
Within 1 year	**131,812**	404,131
After 1 year but within 2 years	**105,789**	20,321
After 2 years but within 5 years	**273,603**	71,764
Over 5 years	**479,601**	177,643
	990,805	673,859

The exposure of the variable-rate borrowings are as follows:

	2020 US$'000	2019 US$'000
Variable-rate borrowings		
Within 1 year	**589,767**	172,083
After 1 year but within 2 years	**217,749**	294,753
After 2 years but within 5 years	**678,055**	576,631
Over 5 years	**1,134,468**	880,571
	2,620,039	1,924,038

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31. BANK BORROWINGS *(Continued)*

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities. The bank borrowings of the Group carry interest rates which range from 1.47% to 4.90% (2019: 1.75% to 6.62%) per annum during the year ended 31 December 2020.

As at 31 December 2020 and 2019, the variable-rate bank borrowings of the Group carry interest at the PRC's lending rate less certain margin, South Korean Government Treasury Bond Rate, One Year Corporate Bond Rate plus 1.2% (2019: 1.2%), or Three Year Corporate Bond Rate plus 1.2% (2019: 1.2%). The maturities of these borrowings are ranging from within twelve months from the reporting period end to 2029 and 2030.

Included in the Group's secured bank borrowings, US$45,978,000 (2019: US$71,762,000) and US$1,893,000 (2019: US$2,123,000) are guaranteed by the Group's fellow subsidiaries, CGN Wind Energy and CGN Solar Energy Development Co., Ltd., respectively.

An amount of US$4,003,000 (2019: US$16,846,000) of the unsecured bank borrowings is guaranteed by CGN Wind Energy.

The Group pledged the following assets to banks for credit facilities granted to the Group.

	2020	2019
	US$'000	*US$'000*
Property, plant and equipment	**1,249,976**	2,277,708
Right-of-use assets	**23**	22
Trade receivables	**311,348**	209,912
Contract assets	**119,086**	60,913
Bank deposits	**134,527**	141,833
	1,814,960	2,690,388

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32. LEASE LIABILITIES

	2020 US$'000	2019 US$'000
Lease liabilities payable:		
Within 1 year	**5,144**	6,395
After 1 year but within 2 years	**2,661**	4,001
After 2 years but within 5 years	**6,429**	6,138
Over 5 years	**32,486**	28,232
	46,720	44,766
Less: Total future interest expenses	**(15,798)**	(14,424)
Lease liabilities included in the consolidated statement of financial position as at 31 December	**30,922**	30,342
Less: Amount due for settlement within 1 year shown under current liabilities	**(3,900)**	(5,441)
Amount due for settlement after 1 year shown under non-current liabilities	**27,022**	24,901

33. GOVERNMENT GRANTS

The government grants consist of (i) subsidies of RMB14,349,000 (equivalent to US$2,199,000) (2019: RMB14,645,000, equivalent to US$2,127,000) given by the PRC government to certain subsidiaries of the Group in the PRC for operating cost and environmental protection; and (ii) grants of RMB49,300,000 (equivalent to US$7,556,000) (2019: RMB53,300,000, equivalent to US$7,640,000) given by the PRC government to a subsidiary of the Group in respect of a project for the construction of property, plant and equipment.

In 2020, the Company successfully applied for funding support amounted to HK$1,162,000(equivalent to US$150,000) from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong SAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees.

During the year ended 31 December 2020, certain subsidiaries of the Group in the PRC received value-added tax refund amounted to US$3,525,000 (2019: US$5,097,000) from the PRC government, which are recognized as other income upon receipt.

The movement of the government grants during the year is set out below:

	2020 US$'000	2019 US$'000
As at 1 January	**9,767**	10,748
Exchange differences	**639**	(137)
Receipt of government grants	**4,302**	5,136
Recognition as other income *(note 6)*	**(4,953)**	(5,980)
As at 31 December	**9,755**	9,767
Analysed for reporting purposes as:		
Current	**207**	810
Non-current	**9,548**	8,957
	9,755	9,767

34. CONTRACT LIABILITIES

	2020	2019
	US$'000	*US$'000*
Advance payments received from customers		
– Sales of steam	**2,717**	1,908
– Connection charges	**–**	140
	2,717	2,048
Analysed for reporting purposes as:		
Current	**2,717**	1,980
Non-current	**–**	68
	2,717	2,048

Contract liabilities other than those that are not expected to be settled within the Group's normal operating cycle are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

Typical payment terms which impact on the amount of contract liabilities recognized are as follows:

Sales of steam

The Group receives deposits from the customers before the generation of steam activity commences, this gives rise to contract liabilities at the start of the contract, until the goods, i.e. steam is supplied to the customers.

The amount of advance payment received from customers for sales of steam is expected to be recognized as income within one year.

Connection charges

Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government in the PRC. The estimated service life of the connection is five years. This gives rise to contract liabilities at the start of a contract, until the revenue recognized on a straight-line basis over the estimated service life.

The amount of US$2,048,000 included in the contract liabilities at 31 December 2019 has been recognized as revenue in 2020 (2019: US$2,131,000).

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35. SHARE OPTION SCHEMES

The Company's share option scheme (the "**2015 Scheme**"), was adopted pursuant to a resolution passed on 24 November 2015 for the primary purpose of providing incentives to directors and eligible employees. The 2015 Scheme will remain in force for a period of 10 years commencing from the date on which the 2015 Scheme is adopted by the shareholders. Under the 2015 Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The exercise price in relation to each share option was determined by the board of directors at its absolute discretion and was not less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options. Each of the grantees was required to pay HK$1 as consideration for the grant of share options in accordance with the 2015 Scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, were subject to approval in advance by the Independent Non-executive directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive director of the Company, or to any of their associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of offer) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of each offer), within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

On 8 December 2015 and 30 December 2015, 34,450,000 share options and 1,160,000 share options have been granted to certain eligible participants. The total number of shares in respect of which options may be granted under the 2015 Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of adoption of the 2015 Scheme, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Subject to satisfaction of the relevant vesting condition, the share options are exercisable during each period specified below for up to the number of shares specified (i) on the first business day after 24 months from the date of grant to the last business day in the 60th month after the date of grant, approximately one-third of the options granted will be exercisable, (ii) on the first business day after 36 months from the date of grant to the last business day in the 72nd month after the date of grant, approximately an additional one-third of the options granted will be exercisable; and (iii) on the first business day after 48 months from the date of grant to the last business day in the 84th month after the date of grant, approximately the remaining one-third of the options granted will be exercisable.

The following tables disclose details of the share options held by directors, employees and other eligible participants under the 2015 Scheme and movements in such holdings during the year ended 31 December 2019:

35. SHARE OPTION SCHEMES *(Continued)*

2019

Grantees	Number of share options At 1.1.2019	Reclassified during the year	Forfeited during the year *(Note a)*	Lapsed during the year *(Note a)*	At 31.12.2019 *(Note b)*	Date of grant	Vesting period	Exercisable period	Exercise price per share *HK$*
Directors of the Company									
Mr. CHEN Sui 陳遂	233,334	–	–	(233,334)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
Mr. LI Yilun 李亦倫	210,000	–	–	(210,000)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	443,334	–	–	(443,334)	–				
Other employees of the Group	8,500,000	–	(1,616,666)	(6,883,334)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	8,943,334	–	(1,616,666)	(7,326,668)	–				
Exercisable	–				–				

Notes:

a. Among the lapsed share-options during 2019, 7,326,668 share options were lapsed due to the failure of fulfilling the performance conditions set out in the share option scheme and 1,616,666 share options were forfeited by employees who have left the Company.

b. One-third of total share options granted will be exercisable after 2 years, 3 years and 4 years from the date of grant.

The Group recognized the total expense of US$180,000 for the year ended 31 December 2019 in relation to share options granted by the Company.

All of the share options were lapsed during the year ended 31 December 2019.

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36. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *US$'000*	Share premium *US$'000*	Share option reserve *US$'000*	Capital reserve *US$'000* *(Note (i))*	Accumulated profits *US$'000*	Total equity *US$'000*
At 1 January 2019	55	250,406	2,565	242,045	32,097	527,168
Profit for the year and total comprehensive income	–	–	–	–	24,649	24,649
Effects of share options *(note 35)*	–	–	180	–	–	180
Lapse of share options *(note 35)*	–	–	(2,745)	–	2,745	–
Deemed capital contribution	–	–	–	122	–	122
Strike off of a subsidiary *(Note (ii))*	–	–	–	(164,106)	–	(164,106)
Dividend declared and paid *(note 36(b)(ii))*	–	–	–	–	(21,883)	(21,883)
At 31 December 2019	55	250,406	–	78,061	37,608	366,130
Profit for the year and total comprehensive income	–	–	–	–	57,538	57,538
At 31 December 2020	55	250,406	–	78,061	95,146	423,668

Notes:

(i) The capital reserve represented the difference between the investment cost and the carrying value of certain subsidiaries arising from the internal group reorganisation.

(ii) On 1 November 2019, the Company entered into a resolution to strike off MPC Investment (BVI) Company Limited which was dormant from the BVI Government Register. Accordingly, the Company reversed a deemed capital contribution of US$164,106,000 arising from release of capital reserve.

(b) Dividends

(i) Dividends payable to equity shareholders of the company attributable to the year

	2020 ***US$'000***	2019 *US$'000*
Final dividend proposed after the end of the reporting period of 1.59 cents per ordinary share (2019: Nil cents per ordinary share)	**68,300**	–
	68,300	–

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

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36. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends *(Continued)*

(ii) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the year

	2020 *US$'000*	2019 *US$'000*
Final dividend in respect of the previous financial year, approved and paid during the year (2019: 0.51 cents per share)	–	21,883

(c) Share capital

(i) Issued share capital

	Number of shares	**Share capital** *HK$'000*
Ordinary shares of HK$0.01 cent each		
Authorised:		
At 1 January 2019, 31 December 2019 and 2020	250,000,000,000	25,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 2020	4,290,824,000	429
		US$'000
Shown in the consolidated financial statements as		55

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the Company's residual assets.

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36. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Reserves

(i) Other non-distributable reserves

Other non-distributable reserves principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the PRC, under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges in note 2(h).

(iii) Translation reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in notes 2(v).

(e) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes amounts due to fellow subsidiaries, amounts due to non-controlling shareholders, loans from fellow subsidiaries and the ultimate holding company and bank borrowings, as disclosed in notes 24, 30 and 31, respectively, net of pledged bank deposits, short-term bank deposits, bank balances and cash, and equity attributable to equity shareholders of the Company, comprising issued capital, accumulated profits and other reserves.

The management of the Group reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to its trade receivables, contract assets, other receivables, amounts due from associates and fellow subsidiaries, pledged bank deposits, short-term bank deposits and bank balances.

The Group has been largely dependent on a small number of customers which are state-owned enterprises for a substantial portion of its business. Most of the power plants of the Group sell the electricity generated to their respective customers who are the principal grid companies where the power plant is located. The failure of these customers to make required payments could have a substantial negative impact on the Group's profits. The Group has concentration of credit risk as 90% (2019: 96%) of the total trade receivables was due from 23 (2019: 23) state-owned enterprises as at 31 December 2020. In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Group applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables and contract assets. Expected loss rate of these trade receivables and contract assets are assessed to be low, because these debtors are state-owned entities with sound credit ratings. In addition, the directors of the Company are confident that all of the Group's operating renewable firms are able to be registered in the Catalogue or the List in due course and the accrued revenue on tariff income are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding contract assets of tariff income receivables is limited.

For other receivables and amounts due from associates and fellow subsidiaries, the Group measures the loss allowance equal to a 12-month ECL unless credit risks has increased significantly since initial recognition, in which case the Group recognizes lifetime ECL. The credit risk on other receivables is limited as other receivables are mainly value-added tax receivables, prepayments and deposits, which are expected to be deducted from value-added tax payables or recognized as expenses in the future. The credit risk on amounts due from associates and fellow subsidiaries are limited as the counterparties are operating smoothly and with sound collection history.

The Group's exposure to credit risk arising from short-term bank deposits, pledged bank deposits and bank balances is limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

During the year ended 31 December 2020, a reversal of impairment loss of US$99,000 (2019: reversal of impairment loss of US$1,008,000) was made on credit-impaired debtors for trade and other receivables due to subsequent recovery.

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings, amounts due to non-controlling shareholders and loans from the ultimate holding company and fellow subsidiaries and ensures compliance with loan covenants.

The Group finances its operations by short-term and long-term bank and other borrowings and shareholders' equity. The Group's current liabilities exceeded its current assets by US$804,481,000 as at 31 December 2020.

The directors of the Company are of the opinion that, CGN, the ultimate holding company of the Company, CGN Finance, CGN Wind Energy, and CGNPC Huasheng, the fellow subsidiaries of the Company, have confirmed in writing that despite the loans from CGN of RMB1,930,000,000 (equivalent to US$295,790,000), CGN Finance of RMB1,170,000,000 (equivalent to US$179,313,000), CGN Wind Energy of RMB600,000,000 (equivalent to US$91,955,000) and CGNPC Huangsheng of US$250,000,000, which are due for repayment within twelve months from 31 December 2020, they will not cancel the existing loan facilities within twelve months from 31 December 2020 and that the loans will be extended upon expiry. Furthermore, taking into account the financial resources of the Group, the Group has unutilised general facilities of US$864,375,000 as at 31 December 2020 for over the next twelve months from the end of the reporting period. In addition, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period.

Taking into account the above-mentioned considerations, the directors of the Company are of the option that, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	Within 1 year or on demand *US$'000*	More than 1 year but less than 2 years *US$'000*	More than 2 years but less than 5 years *US$'000*	More than 5 years *US$'000*	Total *US$'000*	Carrying amount at 31 December *US$'000*
As at 31 December 2020						
Bank loans						
– Fixed-rate	136,768	111,812	311,333	576,806	1,136,719	990,805
– Variable-rate	615,717	232,277	788,346	1,407,002	3,043,342	2,620,039
Lease liabilities	5,144	2,661	6,429	32,486	46,720	30,922
Loans from fellow subsidiaries	559,385	23,803	522,424	70,564	1,176,176	1,054,750
Loans from the ultimate holding company	307,925	124,376	–	–	432,301	418,397
Amounts to non-controlling shareholders	7,365	–	–	1,085	8,450	8,450
Trade payables	70,704	–	–	–	70,704	70,704
Other payables and accruals	398,024	–	–	–	398,024	398,024
Amounts due to fellow subsidiaries	8,738	–	–	–	8,738	8,738
	2,109,770	494,929	1,628,532	2,087,943	6,321,174	5,600,829
Derivatives – gross settlement						
Foreign exchange forward contracts						
– inflow	1,692	–	–	–	1,692	1,692
– outflow	(1,755)	–	–	–	(1,755)	(1,755)
	(63)	–	–	–	(63)	(63)

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

	Within 1 year or on demand *US$'000*	More than 1 year but less than 2 years *US$'000*	More than 2 years but less than 5 years *US$'000*	More than 5 years *US$'000*	Total *US$'000*	Carrying amount at 31 December *US$'000*
As at 31 December 2019						
Bank loans						
– Fixed-rate	431,621	31,529	82,135	185,067	730,352	673,859
– Variable-rate	254,837	371,085	650,072	903,293	2,179,287	1,924,038
Lease liabilities	6,395	4,001	6,138	28,232	44,766	30,342
Loans from fellow subsidiaries	416,580	276,267	60,750	466,875	1,220,472	1,072,696
Amounts to non-controlling shareholders	8,590	–	–	953	9,543	9,543
Trade payables	242,771	–	–	–	242,771	242,771
Other payables and accruals	301,568	–	–	–	301,568	301,568
Amounts due to fellow subsidiaries	8,412	–	–	–	8,412	8,412
	1,670,774	682,882	799,095	1,584,420	4,737,171	4,263,229
Derivatives – gross settlement						
Foreign exchange forward contracts						
– inflow	9,663	1,278	–	–	10,941	10,941
– outflow	(9,479)	(1,232)	–	–	(10,711)	(10,711)
	184	46	–	–	230	230

37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount	
	2020	2019
	US$'000	*US$'000*
Fixed rate borrowings:		
Lease liabilities	**30,922**	30,342
Bank borrowings	**990,805**	673,859
Loans from fellow subsidiaries and the ultimate holding company	**1,473,147**	1,072,696
	2,494,874	1,776,897
Variable rate borrowings:		
Bank borrowings	**2,620,039**	1,924,038
Net exposure	**2,620,039**	1,924,038

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately US$9,825,000 (2019: US$7,215,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2019.

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily CAD, RMB, HK$, and Japanese Yen. The Group manages this risk as follows:

(i) Hedges of foreign currency risk in forecast transactions

The Group uses forward exchange contracts to manage its currency risk until the settlement date of foreign currency receivables or payables. The Group designates those forward exchange contracts as hedging instruments in cash flow hedges and does not separate the forward and spot element of a forward exchange contract but instead designates the forward exchange contract in its entirety in a hedging relationship. Correspondingly, the hedged item is measured based on the forward exchange rate.

The Group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the forward exchange contracts and the highly probable forecast transactions based on their currency amounts and the timing of their respective cash flows. The main sources of ineffectiveness in these hedging relationships are:

(i) the effect of the counterparty's and the Group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the change in the value of the hedged cash flows attributable to the forward rate; and

(ii) changes in the timing of the hedged transactions.

The following table details the forward exchange contracts that have been designated as cash flow hedges of the Group's highly probable forecast transactions at the end of the reporting period:

	2020		2019	
	Foreign currency ***CAD'000***	**Local currency** ***KRW'000***	Foreign currency *CAD'000*	Local currency *KRW'000*
Notional amount – Buy CAD (sell KRW)	**284,120**	**234,558,222**	296,370	244,827,887

	2020 ***US$'000***	2019 *US$'000*
Carrying amount *(Note)* – Asset	**7,268**	9,030

Note:

Forward exchange contract assets and liabilities are included in the "Derivative financial instruments (note 25)" line items in the consolidated statement of financial position respectively.

The forward exchange contracts have a maturity of less than one year from the reporting date and have an average exchange rate of 832.12 between Canadian dollar and United States dollar (2019: 838.34).

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Recognized assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. The net fair value of forward exchange contracts used by the Group as economic hedges of monetary assets and liabilities denominated in foreign currencies at 31 December 2020 was US$7,268,000 (2019: US$9,030,000), recognized as derivative financial instruments.

In respect of other trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the year end date.

Exposure to foreign currencies (expressed in United States dollars)

	2020			2019		
	RMB	**HK$**	**JPY**	RMB	HK$	JPY
	US$'000	***US$'000***	***US$'000***	*US$'000*	*US$'000*	*US$'000*
Assets	**18,186**	**4,796**	**7,676**	10,444	701	–
Liabilities	**–**	**–**	**(8,214)**	(2,131)	(2,674)	–
Gross exposure arising from recognized assets and liabilities	**18,186**	**4,796**	**(538)**	8,313	(1,973)	–

Notes to the Consolidated Financial Statements

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(iv) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK$ and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits** *US$'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits *US$'000*
RMB	**10%**	**1,364**	10%	623
	(10%)	**(1,364)**	(10%)	(623)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into United State dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2019.

Notes to the Consolidated Financial Statements

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

During the years ended 31 December 2019 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or 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.

	Fair value at 31 December 2020	**Fair Value measurements as at 31 December 2020 categorised into**		
		Level 1	**Level 2**	**Level 3**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Recurring fair value measurements				
Assets				
Derivative financial instruments – Forward exchange contracts	7,277	–	7,277	–
Liabilities				
Derivative financial instruments – Forward exchange contracts	63	–	63	–

Notes to the Consolidated Financial Statements

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37. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy ***(Continued)***

	Fair value at 31 December 2019	**Fair Value measurements as at 31 December 2019 categorised into**		
		Level 1	**Level 2**	**Level 3**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Recurring fair value measurements				
Assets				
Derivative financial instruments – Forward exchange contracts	9,233	–	9,233	–
Liabilities				
Derivative financial instruments – Forward exchange contracts	230	–	230	–

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2019 and 2020.

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for the year ended 31 December 2020

38. ACQUISITION OF A SUBSIDIARY

2019

In 2018, CGN New Energy Investment (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company entered into a framework agreement with an independent third party to acquire its 100% equity interests in Ar Horqin Qi Tinze Agricultural Co., Ltd (阿魯科爾沁旗天澤農牧業有限公司) ("**Tinze Agricultural**") which is engaged in generation and supply of electricity at a total consideration of RMB12,500,000 (equivalent to US$1,811,000). All the conditions was fulfilled and the completion took place on 1 July 2019.

A bargain purchase gain of US$147,000 is recognized on the acquisition of Tinze Agricultural. The introduction of the Company as the new controlling shareholder of Tinze Agricultural was expected to strengthen its capital base, meet its working capital requirements and facilitate its future business development and expansion. In the opinion of the directors of the Company, the above are the key factors leading to the recognition of the bargain purchase gain.

The contribution to the Group's revenue or financial performance of the above acquired subsidiaries for the year ended 31 December 2019 are as follows:

- Included in the profit for the year ended 31 December 2019 were revenue of US$3,077,000, and profit of US$978,000 attributable to the additional businesses generated by Tinze Agricultural.

  No pro forma information for the acquisition of Tinze Agricultural is prepared as the acquisition was completed in July 2019 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the year had the acquisition been completed on 1 January 2019.

	US$'000
Consideration transferred	
Cash	1,811
Assets acquired and liabilities recognized at the date of acquisition are as follows:	
Property, plant and equipment	24,606
Deferred tax assets	1,167
Other non-current assets	1,375
Trade receivables	10,792
Other receivables and prepayments	523
Bank balances and cash	223
Trade payables	(1,893)
Other payables	(12,559)
Bank borrowings	(22,276)
	1,958
Gain from bargain purchase arising on acquisition	
Consideration transferred	1,811
Less: Net assets acquired	(1,958)
	(147)
Net cash inflow arising on acquisition	
Cash consideration paid	–
Less: Bank balances and cash acquired	(223)
	(223)

39. DISPOSAL OF SUBSIDIARIES

2020

In May 2020, the Group disposed its entire equity interest in Shanghai Meiya Jinqiao Energy Co., Ltd (上海美亞金橋能源有限公司) ("**Jinqiao JV**"), representing 60% of the total equity interest in the Jinqiao JV, through a public tender process of Shanghai United Assets and Equity Exchange (上海聯合產權交易所) at a consideration of RMB155,800,000 (equivalent to US$22,023,000). The disposal was completed in May 2020, when the Group lost control of the Jinqiao JV.

	US$'000
The net assets at the date of disposal were as follows:	
Non-current assets	15,590
Current assets	2,975
Current liabilities	(8,364)
Non-current liabilities	(125)
Net assets	10,076
Less: net assets shared by non-controlling interest	(3,990)
Net assets disposed of	6,086
Gain on disposal:	
Cash consideration received	22,023
Cumulative exchange losses in respect of the net assets	2,198
Net assets disposed of	(6,086)
Gain on disposal	18,135
Net cash inflow arising from the disposal:	
Cash consideration received	21,767
Bank balances and cash disposed of	(876)
	20,891

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39. DISPOSAL OF SUBSIDIARIES *(Continued)*

2019

In October 2019, the Group entered into a sale and purchase agreement with CGN Energy International to dispose of its entire interest in MPC Investment (HK) Company Limited ("**MPCI**"), which in turn owns the entire equity interest in CGN Meineng Corporate Management (Shenzhen) Ltd., to CGN Energy International at a cash consideration of US$1. Furthermore, CGN Energy International agreed to procure MPCI to repay the shareholder's loan of US$1,637,000 in full. The disposal was completed in October 2019, when the Group lost control of MPCI.

	US$'000
The net assets at the date of disposal were as follows:	
Other non-current assets	6
Other receivables	37
Bank balances and cash	920
Net assets disposed of	963
Gain on disposal:	
Cash consideration received	–*
Shareholder's loan	1,637
Cumulative exchange losses in respect of the net assets	(126)
Net assets disposed of	(963)
Gain on disposal	548
Net cash outflow arising from the disposal:	
Cash consideration received	–*
Bank balances and cash disposed of	(920)
	(920)

* *Less than US$1,000*

40. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at 31 December not provided for in the financial statements were as follow:

	2020 **US$'000**	2019 US$'000
Contracted for	**1,394,978**	675,849
Authorised but not contracted for	**7,384**	–
	1,402,362	675,849

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for the year ended 31 December 2020

40. COMMITMENTS *(Continued)*

(b) Acquisition of Xinjiang Project

On 22 December 2011, the Company entered into a joint development agreement with an independent third party being the vendor and an individual who is a director of the target company (the "**Target Company**") (collectively, the "**Parties**"), upon the satisfaction of certain conditions, to acquire 100% equity interest of the Target Company at a consideration of RMB10 million (the "**Proposed Acquisition**").

The Target Company, through its 93% shareholding in the project company (the "**Project Company**"), owns the right to develop a wind farm project in the north eastern part of Xinjiang Autonomous Region of the PRC (the "**Xinjiang Project**"). The other 7% interest in the Project Company is owned by an independent third party.

At 31 December 2020, the Proposed Acquisition is still subject to final negotiation between the Parties.

41. MATERIAL RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by CGN, which is a state-owned enterprise under the direct supervision of the State Council of the PRC.

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following significant transactions with related parties during the year:

Name of related company	*Notes*	**Nature of transactions**	**2020** ***US$'000***	2019 *US$'000*
CGN Energy International	*i*	Management service income	**1,408**	738
CGN Finance	*ii*	Interest expense	**8,772**	5,905
		Interest income	**1,726**	146
CGN Energy Development Co., Ltd. ("**CGN Energy**") and its subsidiaries	*ii*	Management service income	**2,478**	2,060
CGNPC Huasheng	*ii*	Interest income	**47**	6
		Interest expense	**5,500**	1,359
Huamei Holding Company Limited ("**Huamei Holding**") and its subsidiaries	*ii*	Management service income	**5,018**	6,367
China Clean Energy	*ii*	Interest expense	**20,588**	2,975
CGN Wind Energy	*ii*	Management service income	**13,497**	15,375
		Interest expense	**6,716**	369
CGN Solar Energy Development Co., Ltd.	*ii*	Management service income	**4,222**	4,580
CGN (Beijing) New Energy Technology Co., Limited	*ii*	Management service expense	**4,503**	–
Gansu CGN Wind Power Co., Ltd.	*ii*	Management service expense	**354**	–
CGN	*iii*	Interest expense	**2,259**	–

Notes:

(i) CGN Energy International is the immediate holding company of the Company.

(ii) CGN Finance, CGN Energy and its subsidiaries, CGNPC Huasheng, Huamei Holding and its subsidiaries, China Clean Energy, CGN Wind Energy, CGN Solar Energy Development Co., Ltd., CGN (Beijing) New Energy Technology Co., Limited and Gansu CGN Wind Power Co., Ltd. are fellow subsidiaries of the Company.

(iii) CGN is the ultimate holding company of the Company.

Notes to the Consolidated Financial Statements

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41. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

The Group has entered into various transactions including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are the PRC government-related entities in its ordinary course of business. A majority of the bank deposits and 76.2% (2019: 72.3%) of borrowings of the Group are with the PRC government–related entities as at 31 December 2020.

Also, the Group's transactions with other PRC government-related entities include sales of electricity to local power bureau and a state-owned entity. About 38% (2019: 31%) of its sales of electricity and capacity charges are to the other PRC government-related entities for the year ended 31 December 2020.

Certain directors have also been employed by CGN and its subsidiaries and the payments of their emoluments were borne by CGN and its subsidiaries for the years ended 31 December 2020 and 2019.

Compensation of key management personnel

The remuneration of directors and other key management during the year were as follows:

	2020	2019
	US$'000	*US$'000*
Short-term benefits	**2,596**	1,541
Post-employment benefits	**200**	282
	2,796	1,823

The remuneration of directors and key executives is determined by having regard to the performance of individuals and the Group and market trends.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Notes	2020 US$'000	2019 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**259**	239
Right-of-use assets		**1,441**	2,890
Investments in subsidiaries *(Note (a))*		**1,205,945**	1,154,274
		1,207,645	1,157,403
CURRENT ASSETS			
Other receivables and prepayments		**567**	543
Amounts due from fellow subsidiaries		**2,164**	3,401
Bank balances and cash		**34,479**	28,493
		37,210	32,437
CURRENT LIABILITIES			
Other payables and accruals		**6,310**	6,207
Amounts due to fellow subsidiaries		**4,209**	4,760
Amounts due to subsidiaries		**9,115**	9,671
Loan from a fellow subsidiary		**250,000**	–
Bank borrowings – due within one year		**100,000**	–
Lease liabilities – due within one year		**1,516**	1,516
		371,150	22,154
NET CURRENT (LIABILITIES)/ASSETS		**(333,940)**	10,283
TOTAL ASSETS LESS CURRENT LIABILITIES		**873,705**	1,167,686
NON-CURRENT LIABILITIES			
Loans from fellow subsidiaries		**450,000**	700,000
Bank borrowings – due after one year		**–**	100,000
Lease liabilities – due after one year		**37**	1,556
		450,037	801,556
NET ASSETS		**423,668**	366,130
CAPITAL AND RESERVES			
Share capital		**55**	55
Reserves		**423,613**	366,075
TOTAL EQUITY	*36(a)*	**423,668**	366,130

42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes:

a. Investments in subsidiaries

Details of the Company's principal operating subsidiaries at 31 December 2020 and 2019 are as follows:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2020	2019	
Indirect							
Guangxi Rongjiang Meiya Company Limited* 廣西融江美亞有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB48,000,000 and paid-up capital of RMB48,000,000	**55%**	55%	Investment in dam and other associated facilities
Guangxi Rongjiang Meiya Hydropower Company Limited* 廣西融江美亞水電有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB72,000,000 and paid-up capital of RMB72,000,000	**80%**	80%	Generation and supply of electricity
Guangxi Rongyuan Hydropower Company Limited* 廣西融源水電有限公司	The PRC	4 January 2011	Foreign investment enterprise with limited liability	Registered capital of RMB38,000,000 and paid-up capital of RMB38,000,000	**100%**	100%	Generation and supply of electricity
Guangxi Zuojiang Meiya Hydropower Company Limited 廣西左江美亞水電有限公司	The PRC	8 October 1998	Sino-foreign equity joint venture	Registered capital of RMB345,596,455 and paid-up capital of RMB345,596,455	**60%**	60%	Generation and supply of electricity
Haian Meiya Cogeneration. Co., Ltd 海安美亞熱電有限公司	The PRC	20 December 2002	Foreign investment enterprise with limited liability	Registered capital of US$11,920,000 and paid-up capital of US$11,920,000	**100%**	100%	Generation and supply of steam, electricity and other related products
Mianyang Sanjiang Meiya Hydropower Company Limited* 綿陽三江美亞水電有限公司	The PRC	25 October 2002	Sino-foreign cooperative joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**75%**	75%	Generation and supply of electricity
CGN Daesan Power Co., Ltd.	Korea	8 April 2009	Joint stock company	Registered capital of KRW3,430,000,000 and paid-up capital of KRW3,430,000,000	**100%**	100%	Generation and supply of electricity from an oil-fired combined cycle power plant
CGN Yulchon Generation Co., Ltd.	Korea	28 July 2009	Joint stock company	Registered capital of KRW18,044,400,000 and paid-up capital of KRW18,044,400,000	**100%**	100%	Generation and supply of electricity from a gas-fired combined cycle power plant
Nantong Meiya Co-generation Co., Ltd* 南通美亞熱電有限公司	The PRC	13 March 1997	Foreign investment enterprise with limited liability	Registered capital of US$16,800,000 and paid-up capital of US$16,800,000	**100%**	100%	Generation and supply of electricity and steam and other related products
Nanyang General Light Electric Co., Ltd. 南陽普光電力有限公司	The PRC	1 January 1997	Sino-foreign cooperative joint venture	Registered capital of RMB476,667,000 and paid-up capital of RMB476,667,000	**59.5%**	59.5%	Generation and supply of electricity and other related services
Shanghai Meiya Jinqiao Energy Co., Ltd. 上海美亞金橋能源有限公司	The PRC	14 July 1995	Sino-foreign equity joint venture	Registered capital of RMB98,000,000 and paid-up capital of RMB98,000,000	**–**	60%	Generation and supply of steam
Wuhan Han-Neng Power Development Co., Ltd. 武漢漢能電力發展有限公司	The PRC	11 October 1995	Sino-foreign equity joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**60%**	60%	Generation and supply of electricity

42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2020	2019	
CGN New Energy (Dezhou) Co., Ltd.* 中廣核新能源(德州)有限公司	The PRC	29 December 2014	Foreign investment enterprise with limited liability	Registered capital of US$200,308,891 and paid-up capital of US$200,308,891	**100%**	100%	Generation and supply of electricity
CGN (Zhejiang Xiangshan) Wind Power Co., Ltd* 中廣核(浙江象山)風力發電有限公司	The PRC	11 July 2011	Foreign investment enterprise with limited liability	Registered capital of RMB134,610,000 and paid-up capital RMB134,610,000	**100%**	100%	Generation and supply of electricity
CGN (Zhejiang Ninghai) Wind Power Co., Ltd.* 中廣核(浙江寧海)風力發電有限公司	The PRC	19 December 2013	Foreign investment enterprise with limited liability	Registered capital of RMB79,600,000 and paid-up capital RMB79,600,000	**100%**	100%	Generation and supply of electricity
Anqiu Taipingshan Wind Power Co., Ltd* 安丘太平山風電有限公司	The PRC	10 December 2008	Foreign investment enterprise with limited liability	Registered capital of RMB187,889,991 and paid-up capital RMB187,889,991	**100%**	100%	Generation and supply of electricity
Yishui Tangwangshan Wind Power Co., Ltd* 沂水唐王山風力發電有限公司	The PRC	23 November 2009	Foreign investment enterprise with limited liability	Registered capital of RMB71,375,034 and paid-up capital RMB71,375,034	**100%**	100%	Generation and supply of electricity
CGN Linqu Wind Power Company Limited Co., Ltd* 中廣核(臨朐)風力發電有限公司	The PRC	29 December 2009	Foreign investment enterprise with limited liability	Registered capital of RMB75,040,000 and paid-up capital RMB75,040,000	**100%**	100%	Generation and supply of electricity
CGN Linqu Longgang Wind Power Co., Ltd* 中廣核臨朐龍崗風力發電有限公司	The PRC	28 June 2013	Foreign investment enterprise with limited liability	Registered capital of RMB77,074,180 and paid-up capital RMB77,074,180	**100%**	100%	Generation and supply of electricity
CGN Yishui Wind Power Co., Ltd* 中廣核沂水風力發電有限公司	The PRC	2 April 2011	Foreign investment enterprise with limited liability	Registered capital of RMB91,125,000 and paid-up capital RMB91,125,000	**100%**	100%	Generation and supply of electricity
Yishui Longshan Wind Power Co., Ltd* 沂水龍山風力發電有限公司	The PRC	13 August 2013	Foreign investment enterprise with limited liability	Registered capital of RMB88,546,800 and paid-up capital RMB88,546,800	**100%**	100%	Generation and supply of electricity
CGN Gansu Minqin Wind Power Co., Ltd* 中廣核甘肅民勤風力發電有限公司	The PRC	4 March 2011	Foreign investment enterprise with limited liability	Registered capital of RMB162,200,000 and paid-up capital RMB162,200,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Minqin (II) Wind Power Co., Ltd* 中廣核甘肅民勤第二風力發電有限公司	The PRC	24 October 2013	Foreign investment enterprise with limited liability	Registered capital of RMB549,760,000 and paid-up capital RMB549,760,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Guazhou Wind Power Co., Ltd* 中廣核甘肅瓜州風力發電有限公司	The PRC	18 November 2011	Foreign investment enterprise with limited liability	Registered capital of RMB165,480,000 and paid-up capital RMB165,480,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Guazhou (II) Wind Power Co., Ltd* 中廣核甘肅瓜州第二風力發電有限公司	The PRC	15 November 2013	Foreign investment enterprise with limited liability	Registered capital of RMB287,000,000 and paid-up capital RMB287,000,000	**100%**	100%	Generation and supply of electricity

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42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2020	2019	
Guazhou Tianrun Wind Power Co., Ltd* 瓜州天潤風電有限公司	The PRC	6 March 2009	Sino-foreign equity joint venture	Registered capital of RMB98,100,000 and paid-up capital RMB98,100,000	**60%**	60%	Generation and supply of electricity
CGN Solar Dunhuang Co., Ltd* 中廣核太陽能敦煌有限公司	The PRC	8 September 2011	Foreign investment enterprise with limited liability	Registered capital of RMB97,970,000 and paid-up capital RMB97,970,000	**100%**	100%	Generation and supply of electricity
CGN Solar Jinta Co., Ltd* 中廣核太陽能金塔有限公司	The PRC	6 December 2011	Foreign investment enterprise with limited liability	Registered capital of RMB36,360,000 and paid-up capital RMB36,360,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Dachaidan) Development Co., Ltd* 中廣核太陽能(大柴旦)開發有限公司	The PRC	15 January 2010	Foreign investment enterprise with limited liability	Registered capital of RMB492,931,000 and paid-up capital RMB492,931,000	**100%**	100%	Generation and supply of electricity
CGN Solar Wulan Co., Ltd* 中廣核太陽能烏蘭有限公司	The PRC	29 August 2012	Foreign investment enterprise with limited liability	Registered capital of RMB100,000,000 and paid-up capital RMB100,000,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Jiaxing) Co., Ltd.* 中廣核太陽能(嘉興)有限公司	The PRC	9 July 2013	Foreign investment enterprise with limited liability	Registered capital of RMB30,500,000 and paid-up capital RMB30,500,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Shenzhen) Co., Ltd* 中廣核太陽能(深圳)有限公司	The PRC	17 August 2011	Foreign investment enterprise with limited liability	Registered capital of RMB43,400,000 and paid-up capital RMB43,400,000	**100%**	100%	Generation and supply of electricity
Weifang CGN Energy Co. Ltd.* 濰坊中廣核能源有限公司	The PRC	26 August 2016	Foreign investment enterprise with limited liabilities	Registered capital of RMB153,760,000 and paid-up capital RMB80,000,000	**100%**	100%	Generation and supply of electricity
Dezhou Anwin Energy Co., Ltd.* 德州安務能源有限公司	The PRC	15 November 2016	Sino-foreign equity joint venture	Registered capital of RMB113,530,000 and paid-up capital RMB113,530,000	**87%**	87%	Generation and supply of electricity
Jiyuan CGN New Energy Co., Ltd.* 濟源中廣核新能源有限公司	The PRC	21 December 2016	Foreign investment enterprise with limited liability	Registered capital of RMB10,830,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
CGN New Energy (Ledu) Co., Ltd.* 中廣核新能源(樂都)有限公司	The PRC	15 December 2016	Foreign investment enterprise with limited liability	Registered capital of RMB45,000,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity

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42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2020	2019	
CGN Wuhai New Energy Co., Ltd.* 中廣核烏海新能源有限公司	The PRC	23 February 2017	Foreign investment enterprise with limited liability	Registered capital of RMB109,860,000 and paid up capital of RMB109,860,000	**100%**	100%	Generation and supply of electricity
Lankao CGN New Energy Co., Ltd.* 蘭考中廣核新能源有限公司	The PRC	21 March 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
CGN (Hefei) New Energy Co., Ltd.* 中廣核(合肥)新能源有限公司	The PRC	27 April 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
CGN New Energy (Zhangsha) Co., Ltd.* 中廣核新能源(長沙)有限公司	The PRC	27 April 2017	Foreign investment enterprise with limited liability	Registered capital of RMB12,300,000 and paid up capital of RMB12,300,000	**100%**	100%	Generation and supply of electricity
Shanghai Tongce Yunqi Distributed Energy Co., Ltd.* 上海同策雲啟分佈式能源有限公司	The PRC	5 July 2016	Foreign investment enterprise with limited liability	Registered capital of RMB50,000,000 and paid up capital of RMB3,000,000	**100%**	100%	Generation and supply of electricity
CGN (Chahar Right Wing Middle Banner) New Energy Co., Ltd.* 中廣核(察哈爾右翼中旗)新能源投資有限公司	The PRC	24 November 2017	Sino-foreign equity joint venture	Registered capital of RMB66,800,000 and paid up capital of RMB66,800,000	**53.7%**	53.7%	Generation and supply of electricity
Chifeng New Golden Energy Co., Ltd.* 赤峰新金色能源有限公司	The PRC	14 October 2016	Sino-foreign equity joint venture	Registered capital of RMB100,000,000 and paid up capital of RMB100,000,000	**74%**	74%	Generation and supply of electricity
Siyang Beichuan Power Engineering Co., Ltd.* 泗陽縣北穿電力工程有限公司	The PRC	28 July 2016	Foreign investment enterprise with limited liability	Registered capital of RMB41,726,000 and paid up capital of RMB41,726,000	**100%**	100%	Generation and supply of electricity
Yuzhou CGN New Energy Co., Ltd.* 禹州中廣核新能源有限公司	The PRC	6 March 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
Xingtai Renxian County CGN New Energy Power Co., Ltd.* 邢台任縣中廣核新能源發電有限公司	The PRC	16 May 2018	Foreign investment enterprise with limited liability	Registered capital of RMB111,090,000 and paid-up capital RMB111,090,000	**100%**	100%	Generation and supply of electricity
CGN Fugou County New Energy Co., Ltd.* 中廣核扶溝縣新能源有限公司	The PRC	19 September 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
CGN Shenqiu County New Energy Co., Ltd.* 中廣核沈丘縣新能源有限公司	The PRC	25 September 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity

42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group 2020	2019	Principal activities
CGN (Horqin Zuoyi Zhongqi) New Energy Co., Ltd.* 中廣核（科爾沁左翼中旗）新能源有限公司	The PRC	12 April 2018	Sino-foreign equity joint venture	Registered capital of RMB49,740,000 and paid-up capital RMB49,740,000	100%	100%	Generation and supply of electricity
CGN (Qianxinan State) New Energy Co., Ltd.* 中廣核（黔西南州）新能源有限公司	The PRC	25 January 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	100%	100%	Generation and supply of electricity
Yanan CGN New Energy Co., Ltd.* 延安中廣核新能源有限公司	The PRC	3 January 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	100%	100%	Generation and supply of electricity
Xiangtan CGN New Energy Co., Ltd.* 湘潭中廣核新能源有限公司	The PRC	27 November 2017	Foreign investment enterprise with limited liability	Registered capital of RMB15,540,000 and paid-up capital RMB15,540,000	100%	100%	Generation and supply of electricity
CGN (Zhangpu) New Energy Co., Ltd.* 中廣核（漳浦）新能源有限公司	The PRC	23 April 2018	Foreign investment enterprise with limited liability	Registered capital of RMB14,420,000 and paid-up capital RMB14,420,000	100%	100%	Generation and supply of electricity
Ar Horqin Qi Tinze Agricultural Co., Ltd 阿魯科爾沁旗天澤農牧業有限公司	The PRC	22 March 2012	Foreign investment enterprise with limited liability	Registered capital of RMB200,000,000 and paid-up capital RMB1,000,000	100%	100%	Generation and supply of electricity
Yunnan CGN Energy Services Co., Ltd.* 雲南中廣核能源服務有限公司	The PRC	7 April 2016	Foreign investment enterprise with limited liability	Registered capital of RMB200,000,000 and paid up capital RMB200,000,000	100%	100%	Generation and supply of electricity
CGN New Energy (Yangpu) Co., Ltd.* 中廣核新能源（洋浦）有限公司	The PRC	1 November 2016	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital RMB500,000	100%	100%	Generation and supply of electricity
CGN (Wenchang) New Energy Co., Ltd.* 中廣核（文昌）新能源有限公司	The PRC	1 August 2017	Foreign investment enterprise with limited liability	Registered capital of RMB45,030,000 and paid up capital RMB45,030,000	100%	100%	Generation and supply of electricity
CGN (Datong) New Energy Co., Ltd.* 中廣核（大同）新能源有限公司	The PRC	2 June 2017	Foreign investment enterprise with limited liability	Registered capital of RMB269,510,000 and paid up capital RMB269,510,000	100%	100%	Generation and supply of electricity
Baoying County Rongbaoda Wind Power Co., Ltd.* 寶應縣融保達風力發電有限公司	The PRC	21 November 2016	Foreign investment enterprise with limited liability	Registered capital of RMB285,124,000 and paid up capital RMB285,124,000	71.7%	51%	Generation and supply of electricity

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for the year ended 31 December 2020

42. THE COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2020	2019	
Yanling CGN New Energy Co., Ltd.* 鄢陵中廣核新能源有限公司	The PRC	6 March 2017	Foreign investment enterprise with limited liability	Registered capital of RMB219,460,000 and paid up capital RMB219,460,000	100%	100%	Generation and supply of electricity
CGN Yiyang New Energy Co., Ltd.* 中廣核益陽新能源有限公司	The PRC	18 May 2017	Foreign investment enterprise with limited liability	Registered capital of RMB182,760,000 and paid up capital RMB182,760,000	100%	100%	Generation and supply of electricity
Yongcheng City CGN New Energy Co., Ltd.* 永城市中廣核新能源有限公司	The PRC	13 June 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital RMB500,000	100%	100%	Generation and supply of electricity
CGN New Energy Cenxi Co., Ltd.* 中廣核新能源岑溪有限公司	The PRC	17 July 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital RMB500,000	100%	100%	Generation and supply of electricity
CGN New Energy (Taigu) Co., Ltd.* 中廣核新能源（太谷）有限公司	The PRC	22 December 2016	Foreign investment enterprise with limited liability	Registered capital of RMB259,330,000 and paid up capital RMB259,330,000	100%	100%	Generation and supply of electricity
CGN (Dangtu) New Energy Co., Ltd.* 中廣核（當塗）新能源有限公司	The PRC	15 April 2019	Foreign investment enterprise with limited liability	Registered capital of RMB323,800,000 and paid up capital RMB323,800,000	100%	100%	Generation and supply of electricity
CGN New Energy (Dingyuan) Co., Ltd.* 中廣核新能源（定遠）有限公司	The PRC	6 September 2019	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital RMB500,000	100%	100%	Generation and supply of electricity
Dachaidan Haorun New Energy Co., Ltd.* 大柴旦浩潤新能源有限公司	The PRC	4 December 2017	Foreign investment enterprise with limited liability	Registered capital of RMB76,000,000 and paid up capital RMB76,000,000	100%	100%	Generation and supply of electricity

* *English names are for identification purpose only.*

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2020

43. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for first time in 2020.

44. IMPACTS OF COVID-19 PANDEMIC

Since the outbreak of the novel coronavirus pneumonia (the "**Outbreak**") nationwide in January 2020, the Group had strictly implemented various epidemic prevention requirements of the central and local governments to ensure the safe and stable operation of power generating units in operation.

At present, the Outbreak in the PRC has stabilized, but the Outbreak overseas has not been effectively controlled. Although the Outbreak in the PRC is under control overall, it is expected that the possibility of local Outbreak cannot be completely eliminated. It is likely that the novel coronavirus will co-exist with humans for a long time, and measures to prevention and control the Outbreak will become normalized. The Group will continue to monitor the overall impact of the Outbreak, control the relevant operational and financial risks and assess its impact on the financial status and operating results of the Group.

45. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

Financial Summary

	2016 *US$'000*	2017 *US$'000*	2018 *US$'000*	2019 *US$'000*	**2020** ***US$'000***
Revenue	1,074,448	1,108,560	1,358,487	1,276,281	**1,149,892**
Operating expenses:					
Coal, oil and gas	587,176	619,829	829,596	698,265	**492,510**
Depreciation of property, plant and equipment	143,429	134,299	144,473	159,831	**193,031**
Repair and maintenance	38,729	40,179	44,742	40,675	**30,447**
Staff costs	69,237	76,389	67,652	76,524	**85,835**
Others	58,480	71,634	72,843	69,368	**60,602**
Total operating expenses	897,051	942,330	1,159,306	1,044,663	**862,425**
Operating profit	177,397	166,230	199,181	231,618	**287,467**
Other income	14,281	14,459	41,337	23,157	**26,318**
Other gains and losses	2,631	(7,521)	(22,141)	(25,093)	**(11,089)**
Finance costs	(115,172)	(101,708)	(110,158)	(122,120)	**(145,005)**
Share of results of associates	22,113	19,268	16,819	32,807	**29,342**
Gain on deconsolidation/disposal of a subsidiary	18,675	3,825	–	548	**18,135**
Profit before taxation	119,925	94,553	125,038	140,917	**205,168**
Income tax	(28,893)	(28,587)	(33,767)	(41,564)	**(37,533)**
Profit for the year	91,032	65,966	91,271	99,353	**167,635**
Profit/(loss) for the year attributable to:					
Equity shareholders of the Company	79,472	61,872	88,211	111,207	**162,087**
Non-controlling interests	11,560	4,094	3,060	(11,854)	**5,548**
	91,032	65,966	91,271	99,353	**167,635**
Earnings per share, basic and diluted *(US cents)*	1.85	1.44	2.06	2.59	**3.78**

Financial Summary

	2016 *US$'000*	2017 *US$'000*	2018 *US$'000*	2019 *US$'000*	**2020** ***US$'000***
ASSETS AND LIABILITIES					
Total assets	3,498,621	3,740,617	4,139,068	5,379,167	**6,976,532**
Total liabilities	2,686,785	2,780,242	3,184,784	4,369,720	**5,679,151**
NET ASSETS	811,836	960,375	954,284	1,009,447	**1,297,381**
Equity attributable to equity shareholders of the Company	710,758	875,894	865,830	930,115	**1,213,155**
Non-controlling interests	101,078	84,481	88,454	79,332	**84,226**
TOTAL	811,836	960,375	954,284	1,009,447	**1,297,381**