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CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED*

新天綠色能源股份有限公司

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

(Stock Code: 00956)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020:

- operating revenue was RMB12,511 million, representing an increase of 4.38% as compared with 2019
- profit before tax was RMB2,264 million, representing an increase of 3.35% as compared with 2019
- net profit attributable to shareholders of parent was RMB1,511 million, representing an increase of 6.33% as compared with 2019
- earnings per share was RMB0.38, representing an increase of 5.56% as compared with 2019

THE PROFIT DISTRIBUTION PLAN FOR 2020

The Company proposes to distribute a cash dividend of RMB1.36 (tax inclusive) for every 10 shares to all shareholders, and calculated based on the total number of issued shares of the Company as at 31 December 2020, being 3,849,910,396 shares, the total cash dividend to be distributed will amount to RMB523.5878 million. The Company expects to complete the distribution of cash dividends by 31 August 2021. If there is any change in the above expected timing and distribution arrangements, the Company will make an announcement in a timely manner in accordance with the relevant regulations of the places where its shares are listed.

RESULTS HIGHLIGHTS

The board of directors (the “**Board**”) of China Suntien Green Energy Corporation Limited (the “**Company**”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”) prepared under the China Accounting Standards for Business Enterprises (the “**CASBE**”). This announcement is complied with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) regarding the information required to be included in the preliminary announcement of annual results.

As of 31 December 2020, the Group had consolidated assets of RMB57,258 million, consolidated operating revenue of RMB12,511 million, representing an increase of 4.38% from 2019; and net profits attributable to shareholders of parent of RMB1,511 million, representing an increase of 6.33% from 2019. Earnings per share was RMB0.38.

The Board recommends the payment of a cash dividend of RMB 1.36 (tax inclusive) for every 10 shares to all shareholders (RMB523.5878 million in total (tax inclusive)) to all shareholders subject to the approval by the shareholders at the Company’s annual general meeting (the “**AGM**”).

Details of the Group’s financial performance are set out in the financial information contained in the appendix to this announcement.

REVIEW OF RESULTS OF 2020

I. BUSINESS DISCUSSION AND ANALYSIS

(I) Operating Environment

In 2020, in the face of severe and complicated domestic and international environment, especially the severe impacts of the COVID-19 outbreak, through the joint efforts of the whole country, China took the lead in effectively controlling the epidemic, resuming work and production and achieving positive economic growth. China’s economic operation recovered steadily. With strong support for employment and livelihood, the completion of its main objectives and tasks for economic and social development was better than expected. According to preliminary calculations, China’s annual gross domestic product was RMB101,598.6 billion, representing an increase of 2.3% as compared with 2019 at comparable prices.

In 2020, driven by a series of policies and measures such as deepening the structural reform of the energy supply side and giving priority to the development of non-fossil energy, the scale of development and utilization of renewable energy in China had expanded rapidly. The proportion of clean energy consumption was further increased, and its energy structure continued to be optimised. The change in the energy consumption structure in China towards clean and low-carbon consumption was accelerated, and the objective that the proportion of non-fossil energy consumption would reach approximately 15% in 2020 was achieved ahead of schedule. In 2020, the primary power production such as hydropower, nuclear power, wind power and solar

power generation by industrial enterprises above state designated scale accounted for 28.8% of total power generation, 1.0 percentage point higher than 2019. The proportion of green energy consumption further increased. According to preliminary calculations, the percentage of clean energy consumption including natural gas, hydropower, nuclear power and wind power to total energy consumption in 2020 increased by 1.1 percentage points as compared with 2019, and the percentage of coal consumption decreased by 1.0 percentage point. The reform of the natural gas supply and marketing system was further advanced and the State Piping Network Corporation was formally established.

1. *Operating environment for the natural gas industry*

(1) Steady growth of total demand for natural gas

In 2020, with the steadily developing macroeconomic situation and the continuous promotion of “replacing coal by gas”, the consumption of natural gas has been increasing.

According to the statistics disclosed by the National Energy Administration and the NDRC, in 2020, 188.8 billion cubic meters of natural gas were produced, representing an increase of 9.8% as compared with 2019; 102 million tons of natural gas were imported, representing an increase of 5.3% as compared with 2019. The apparent consumption of natural gas amounted to 324 billion cubic meters, representing an increase of 5.6 % as compared with 2019.

(2) The establishment of the State Piping Network Corporation promoted the reconstruction of natural gas market system

On 18 May 2020, the Central Committee of the Chinese Communist Party and the State Council issued the “Opinions on Accelerating the Improvement of the System of Socialist Market Economy in a New Era” (《關於新時代加快完善社會主義市場經濟體制的意見》), proposing to steadily advance the reform of natural monopoly industries and accelerate the marketization of competitive links. In the oil and gas sector, it is proposed that the fair opening of oil and gas pipeline networks to market participants shall be advanced, the sources and sales prices of natural gas shall be deregulated in a timely manner, and the competitive oil and gas circulation market shall be improved.

With the establishment of the State Piping Network Corporation, the infrastructure of the natural gas market will become fairer and more open. The natural gas pipeline network, LNG receiving stations and other infrastructures will be opened in an orderly and fair manner under the national supervision, and various oil and gas pipeline network facilities will be interconnected. The monopoly of existing resources and pipelines will be broken, natural gas companies will have more diversified choice of pipelines, and the industry landscape of the natural gas market is expected to be reshaped.

(3) The construction of the China-Russia east-route natural gas pipeline progressed smoothly

In July 2020, the construction of south section of the China-Russia east-route natural gas pipeline project (Yongqing, Hebei-Shanghai) officially commenced. On 3 December 2020, the central section of the China-Russia east-route natural gas pipeline (Changling, Jilin-Yongqing, Hebei) began operation. Following the completion and commencement of operation of the China-Russia east-route natural gas pipeline, it can provide a steady supply of 38 billion cubic meters of clean, high-quality natural gas resources each year to Northeast China, Bohai Rim and Yangtze River Delta. The pipeline enhanced China's natural gas resource guarantee capacity. At the same time, on the basis of China's overall natural gas flow "from west to east", it added the natural gas flow "from north to south", which further improved the natural gas pipeline network in eastern China. The pipeline is interconnected with the Northeast Pipeline Network System (東北管網系統), the Shaanxi-Beijing System (陝京系統) and the West to East Gas Transmission System (西氣東輸系統). Jointly, they form a network that runs from south to north, crosses from east to west, and connects to overseas, which is critical to ensuring China's energy security.

2. *Operating environment for the wind power and photovoltaic industry*

(1) Steady expansion of renewable energy installed capacity and continuous growth of power generation

According to the statistics published by the National Energy Administration, the nationwide power consumption in 2020 was 7,511 billion kWh, representing an increase of 3.1% as compared with 2019.

In 2020, the newly installed grid-connected capacity of wind power in China was 71.67 million KW, and total installed capacity reached 281 million KW. The annual wind power generation was 466.5 billion kWh, representing an increase of approximately 15% as compared with 2019, with 2,097 hours of wind power utilization for the year, representing an increase of 15 hours as compared with 2019. The newly installed photovoltaic capacity was 48.2 million KW, and total installed capacity reached 253 million KW. The annual photovoltaic power generation was 260.5 billion kWh, representing an increase of 16.1% as compared with 2019, with 1,160 hours of photovoltaic power utilization for the year, representing a decrease of 9 hours as compared with 2019.

In 2020, the newly installed capacity of wind power in Hebei Province was 5.24 million KW, and total grid-connected capacity reached 22.74 million KW.

(2) Utilization of renewable energy remained at a high level

In 2020, the utilization of renewable energy in China remained at a high level, of which, the wind power utilization rate was 97%, representing an increase of 1 percentage point as compared with 2019. The photovoltaic power utilization rate was 98%, remaining at the same level as the utilization rate in 2019.

In 2020, the national wind curtailment amounted to 16.6 billion kWh, with an average wind curtailment rate of 3%, representing a decrease of 1 percentage point as compared with 2019, and therefore, the situation of wind curtailments and power constraints in China was further relieved. The curtailment rate of photovoltaic power was 5.26 billion kWh, with an average curtailment rate of photovoltaic power of 2%, generally remaining at the same level as in 2019.

(3) Official announcement of total amount and duration of subsidies

To promote the high quality development of renewable energy, in January 2020, the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration issued the Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation (《關於促進非水可再生能源發電健康發展的若干意見》), setting out the settlement rules for the additional subsidy funds for renewable energy electricity prices (the “Subsidy Funds”). To further clarify relevant policies and stabilize industry expectations, in October 2020, the aforesaid authorities issued the Supplementary Circular on Issues related to the “Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation” (《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》), setting out the reasonable utilization hours in the whole life cycle, calculation formula of subsidized electricity and capacity determination standard, project subsidy standard and subsidy duration of various non-hydro renewable energy power generation projects. Any excess of power generation over the subsidized electricity in the whole life cycle is no longer entitled to the Subsidy Funds from the central government and will be issued a green certificate and allowed to participate in green certificate trading.

(II) BUSINESS OVERVIEW

1. Business review of natural gas business

(1) Increase in sales volume of natural gas as compared with 2019

During the Reporting Period, the Group recorded an increase in its sales volume of natural gas thanks to the continuous implementation of environmental protection policies and the policy of “replacing coal by gas”, and realized a gas sales volume of 3,525 million cubic meters for the year, representing an increase of 8.90% as compared with 2019, of which the wholesale volume amounted to 2,091 million cubic meters, representing an increase of 4.39% as compared with 2019 and accounting for 59.3% of total sales volume; the retail sales volume amounted to 1,351 million cubic meters, representing an increase of 19.02% as compared with 2019 and accounting for 38.3% of total sales volume; the sales volume of CNG amounted to 70 million cubic meters, representing a decrease of 28.41% as compared with 2019 and accounting for 2.0% of total sales volume; the sales volume of LNG amounted to 13 million cubic meters, representing an increase of 1,170.73% as compared with 2019 and accounting for 0.4% of total sales volume.

(2) Active promotion of the construction of infrastructural projects

The Group’s natural gas pipelines increased by 1,333.11 kilometers in 2020. As at 31 December 2020, the Group operated pipelines with a total of 6,501.77 kilometers, including 958.26 kilometers of long-distance transmission pipelines and 5,543.51 kilometers of city gas pipelines; and the Group operated a total of 22 distribution stations and 18 gate stations.

During the Reporting Period, the main body of the Zanhuang County Sub-high Pressure Natural Gas Pipeline Project (贊皇縣次高壓天然氣管道工程) was completed; the Zhuozhou-Yongqing Transmission Pipeline Project (涿州－永清輸氣管道工程) and the Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline (中石化鄂安滄輸氣管道與京邯輸氣管道連接線項目) commenced construction and was expected to meet the production conditions in 2021; the “Jingshihan” Dual Track Gas Pipeline Project (“京石邯”輸氣管道複線工程) commenced construction.

(3) Continuous exploration of markets for natural gas

During the Reporting Period, leveraging on its newly operating pipelines, the Group vigorously developed its end user base of natural gas and resulted in an increase of 85,927 customers. As at 31 December 2020, the Group had an aggregate of 430,854 customers.

During the Reporting Period, the Group steadily promoted the development of regional markets. The Centra Hebei Pipeline Network Phase IV Project (冀中管網四期工程), the South Baoding Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Pipeline (中石化鄂安滄與京邯線保定南部聯絡線項目) and the Connection Line Project of Sinopec Erdos-Anping-Cangzhou Luquan Gas Transmission Station and the Luquan Station of the Company (中石化鄂安滄鹿泉輸氣站與公司鹿泉站連接線項目) were approved by Hebei Provincial Development and Reform Commission. The Group completed the acquisition of 30% equity interest in Hengshui Honghua Gas Co., Ltd. (衡水鴻華燃氣有限公司) and participated in the investment in and construction of the Erdos-Anping-Cangzhou Hengshui Branch Natural Gas Pipeline Project (鄂安滄衡水支線天然氣管道工程).

For the Tangshan LNG Project, the 3# wharf commenced construction; the construction of 4 external storage tanks of the receiving station project was basically completed, of which the air pressure lifting of 3# and 4# storage tanks was completed. For the outbound pipeline Caofeidian-Baodi section, crossing projects were completed for 11 directional drills including Nachao River, one railway and 8 general highways. A total of 59.65 kilometers of pipes were laid and 41.61 kilometers were welded. For the outbound pipeline Baodi-Yongqing section, crossing projects were completed for 7 directional drills including Yongding River, 4 railways, 4 expressways and 8 general highways and rivers. A total of 60.60 kilometers of pipes were laid and 53.53 kilometers were welded.

(4) Gradual improvement in the transmission network

During the Reporting Period, the Group actively participated in the construction of transmission pipelines and further improved its transmission network. The Connection Line Project of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Beijing-Handan Gas Pipeline (中石化鄂安滄輸氣管道與京邯輸氣管道連接線項目) and the “Jingshihan” Dual Track Gas Pipeline Project (“京石邯”輸氣管道複線工程) commenced construction, and the pre-construction preparation work was carried out for the Qinhuangdao-Fengnan Gas Pipeline Project (秦皇島—豐南輸氣管道工程) and the Centra Hebei Pipeline Network Phase IV Project (冀中管網四期工程).

(5) Development of CNG and LNG businesses in a steady manner

During the Reporting Period, the Group developed its CNG and LNG businesses in a steady manner and added one operating CNG secondary filling station. As at 31 December 2020, the Group operated a total of 7 CNG primary filling stations, 7 CNG secondary filling stations and 3 LNG refilling stations.

(6) Innovation-driven development

Hebei Natural Gas, a subsidiary of the Group, keeps up with the development of the times and actively explores new technologies and new business forms. It continuously transforms rich operational experience into intelligent operational capability, and accelerates the process of “smart gas” with the objective of data convergence and intelligent decision-making. In 2020, it started to carry out the renovation of unmanned stations and the construction of automatic distribution control system. With the renovation of old station equipment and systems and the construction of data center, it will build a “smart brain” of the pipeline network, gradually realize unmanned operation of long-distance pipeline stations, and further improve the automation and modernization level of stations. It seized the opportunities for new infrastructure development by laying accompanying optical cables for new long-distance pipelines in view of the 5G information development trend to make early preparations informatization.

2. Business review of wind power business

(1) Stable growth of installed capacity

In 2020, the Group’s consolidated installed capacity of wind power increased by 1,056.2 MW, and its accumulative consolidated installed capacity was 5,471.95 MW; its attributable installed capacity of wind power increased by 1,026.28 MW, and its accumulated attributable installed capacity was 4,965.90 MW. The Group’s commercial operation project capacity during the year increased by 694.1 MW, and its accumulated commercial operation project capacity was 4,400.25 MW.

As at 31 December 2020, the total designed capacity of the wind power projects under construction of the Group was 632 MW.

(2) The utilization hours of wind farms continued to remain a relatively high level

In 2020, the average utilization hours of the Group’s consolidated wind farms were 2,420 hours, representing a decrease of 52 hours as compared with 2019, mainly due to the slight decrease in average wind speed of the regions where the Group’s consolidated wind farms are located as compared with 2019, as well as the increase in the curtailment rate as a result of peak regulation and power rationing in different periods due to COVID-19 outbreak. The Group’s consolidated wind farms realized a power generation of 9,881 million kWh, representing an increase of 11.86% as compared with 2019. The average availability rate of wind power generation units was 98.31%.

(3) Steady progress in wind resources reserves

In 2020, the Group's approved capacity increased by 200 MW and the total approved unstarted project capacity amounted to 1,178 MW.

During the Reporting Period, the Group's wind power projects with a total of 615.8 MW were included in national approved plans. The accumulative capacity of the Group's wind power projects falling within the national approved plans has reached 7,309.1 MW and its wind power projects are located in 16 provinces across China.

During the Reporting Period, the Group's agreed wind power capacity increased by 3,100 MW across 23 regions including Hebei, Henan, Shandong, Shanxi, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan, Guangxi, Qinghai, Heilongjiang, Zhejiang, Chongqing, Xinjiang, Inner Mongolia and Jilin.

(4) Vigorous promotion of technological innovations

The Company adheres to the integration of integrity and innovation and vigorously promoted technological innovations. In 2020, the Company obtained 7 invention patents, 28 utility patents and 35 software copyrights. The "Key Technologies and Application Demonstration of Large-scale Coupled Hydrogen Production from Renewable Energy Sources" (大規模可再生能源耦合制氫關鍵技術及應用示範) project developed by the Company together with entities including Hebei University of Science & Technology received special fund support with the approval of Hebei Provincial Science and Technology Department, setting a new record of the Company in special fund support received for undertaking provincial key research and development plan projects. The "Wind Power Cluster Smart Regulation and Efficient Consumption Technology based on Big Data and Cloud Platform and the Application Thereof" (基於大數據雲平臺的風電集群智慧調控與高效消納技術及應用) project received the Second Prize of Science and Technology Progress in Hebei Province in 2020, which is of great significance to the Company's future scientific and technological innovation.

3. Other clean energy business

During the Reporting Period, the Group not only put efforts in the development of its wind power and natural gas businesses, but also steadily promoting the development and construction of other new energy projects.

In 2020, the Group steadily developed photovoltaic power generation projects. The Group's agreed capacity for new photovoltaic projects amounted to 1,300 MW, while the accumulated agreed capacity amounted to 7,349 MW. There was no approved capacity of photovoltaic projects and the accumulative approved unstarted project capacity was 260 MW.

As at the end of 2020, the Group operated photovoltaic power generation projects with accumulated operating capacity of 118.59 MW.

II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

According to the audited consolidated financial statements for 2020, the Group's net profit for the year was RMB1.933 billion, representing an increase of 5.36% as compared with 2019, of which the net profit attributable to the shareholders of the listed company was RMB1.511 billion, representing an increase of 6.33% as compared with 2019, mainly due to an increase in realized revenue from the wind power of the Group as compared with 2019.

(I) ANALYSIS OF PRINCIPAL BUSINESS

1. Analysis of changes in relevant items of Income Statement and Statement of Cash Flows

Unit: yuan Currency: RMB

Items	Amount for the Reporting Period	Amount for the corresponding period of previous year	Percentage Change (%)
Operating revenue	12,510,885,312.89	11,985,837,618.15	4.38
Operating cost	9,100,644,582.09	8,643,814,515.46	5.29
Selling expenses	1,985,327.57	562,620.01	252.87
Administration expenses	528,112,484.93	555,015,462.87	-4.85
R&D expenses	36,417,584.20	10,292,552.11	253.82
Finance costs	912,722,221.39	871,659,354.20	4.71
Net cash flows from operating activities	3,898,510,463.71	3,756,177,980.07	3.79
Net cash flows from investing activities	-9,814,026,374.24	-6,126,481,409.77	60.19
Net cash flows from financing activities	5,438,451,386.17	2,461,531,389.18	120.94

2. Analysis on revenue and costs

Overview

In 2020, the Group recorded operating revenue of RMB12.511 billion, representing an increase of 4.38% as compared with 2019, which was mainly due to the increase in electricity sales of new wind farms and the increase in sales of natural gas.

In 2020, the Group recorded operating costs of RMB9.101 billion, representing an increase of 5.29% as compared with 2019, which was mainly due to the increase in investment and operation costs of new wind farms and the increase in gas sales.

Net profit

During the Reporting Period, the Group recorded a net profit of RMB1.933 billion, representing an increase of 5.36% as compared with 2019. During the Reporting Period, the increase in the revenue of electricity sales of the wind power segment led to net profit of RMB1.519 billion, representing an increase of 15.36% as compared with 2019, which was mainly due to an increase in profit as a result of the increase in the revenue of electricity sales of the wind power segment; the natural gas business segment realized a net profit of RMB516 million, representing a decrease of 14.42% as compared with 2019, mainly due to the decrease in unilateral gross profit of natural gas.

Net profit attributable to shareholders of the listed company

During the Reporting Period, the net profit attributable to shareholders of the listed company was RMB1.511 billion, representing an increase of RMB90 million as compared with RMB1.421 billion in the same period of 2019, which was mainly due to the increase in the Group's net profit as compared with 2019.

The basic earnings per share attributable to shareholders of the Company was RMB0.38.

(1). Analysis of Principal Business by Industry, Products and Regions

Unit: yuan Currency: RMB

Product	Operating revenue	Operating costs	Gross profit (%)	Principal business by product		Increase/(decrease) of gross profit margin as compared with the previous year
				Increase/ (decrease) of revenue as compared with the previous year (%)	Increase/ (decrease) of operating costs as compared with the previous year (%)	
Natural gas sales business	7,827,098,737.36	7,262,932,061.06	7.21	0.68	2.74	Decrease of 2.36 percentage points
Wind/photovoltaic power generation business	4,445,613,164.39	1,734,401,549.74	60.99	11.98	13.88	Decrease of 0.65 percentage point
Connection and construction of gas pipeline network business	155,538,880.76	93,397,211.21	39.95	8.31	26.62	Decrease of 8.68 percentage points
Other main business	54,021,662.70	3,210,275.56	94.06	-26.29	-312.34	Increase of 8.52 percentage points

Explanations on principal business by industry, products and regions

During the Reporting Period, the operating revenue of wind/photovoltaic power generation business of the Group was RMB4.446 billion, representing an increase of 11.98% as compared with 2019 and the revenue of the wind/photovoltaic power generation business accounted for 35.53% of the Group's operating revenue. The main reason for the increase in revenue was the increase of operational installed capacity of the wind farms of the Group, which resulted in an increase in sales volume of electricity and revenue of electricity sales as compared with 2019.

During the Reporting Period, the Group recorded operating revenue of RMB7.827 billion from its natural gas sales business, representing an increase of 0.68% as compared with 2019, and accounting for 62.71% of the Group's total revenue. The increase of revenue was mainly attributable to an increase in sales volume of the Group's natural gas as compared with the 2019. In particular, the pipe wholesale business recorded sales revenue of RMB4.798 billion, accounting for 61.30% of the Group's business revenue from its natural gas sales business; the Group's retail business, such as city natural gas, recorded sales revenue of RMB2.796 billion, accounting for 35.72% of the Group's sales business revenue from natural gas; CNG business recorded sales revenue of RMB200 million, accounting for 2.56% of the Group's business revenue from its natural gas sales business; and other revenue was RMB33 million, accounting for 0.42% of the Group's business revenue from its natural gas sales business.

More than 90% of the Group's revenue is derived from North China, which is managed in a unified and centralized manner by the management. Therefore, the Group has only one regional segment.

(2). Cost analysis table

Unit: Yuan

By products	Costs component	By products		Amount for the corresponding period of the previous year	Percentage of the amount for the corresponding period of the previous year (%)	Year-on-year change (%)	Explanation
		Amount for the period	Percentage of the amount for the period in total costs (%)				
Natural gas	Operating costs	7,365,137,863.91	80.93	7,116,625,753.57	82.33	3.49	Null
Wind and photovoltaic generation	Operating costs	1,734,401,549.74	19.06	1,526,083,593.45	17.66	13.65	Null
Others	Operating costs	1,105,168.44	0.01	1,105,168.44	0.01	0.00	Null

Cost analysis and explanation

During the Reporting Period, the operating costs of the Group's wind power business were RMB1.734 billion, representing an increase of 13.65% as compared with 2019. This was mainly due to an increase in operating costs resulting from the wind power projects gradually being put into operation.

During the Reporting Period, the operating costs of the Group's natural gas business amounted to RMB7.365 billion, representing an increase of 3.49% from RMB7.117 billion of 2019. This was mainly due to an increase in corresponding costs of operating as a result of the increase in purchase volume of natural gas as compared with 2019.

(3). Information on major customers and major suppliers

Sales to five largest customers amounted to RMB6,828.9112 million, accounting for 54.58% of total sales for the year, of which sales to related parties were RMB0.00, representing 0.00% of total sales for the year.

Procurement from five largest suppliers amounted to RMB10,510.0128 million, accounting for 57.98% of total procurement for the year, of which procurement from related parties was RMB0.00, representing 0.00% of total procurement for the year.

3. Expenses

- (1) During the Reporting Period, the selling expenses of the Group was RMB1.9853 million, representing an increase of 252.87% as compared with 2019. This was mainly due to the establishment of a new sales department of Hebei Natural Gas, and the salaries of sales staff are included in selling expenses.
- (2) During the Reporting Period, the administrative expenses of the Group were RMB528 million, representing a decrease of 4.85% as compared with 2019. This was mainly due to the reduced maintenance costs for wind turbines and other equipment. Among which, the administrative expenses of wind power business were RMB270 million, representing a decrease of 10.94% as compared with 2019, mainly due to the reduction in maintenance costs for wind turbines and other equipment; the administrative expenses of natural gas business were RMB175 million, representing a decrease of 2.68% as compared with 2019, mainly due to the fact that China introduced a series of policies to reduce social security contributions given the impact of the epidemic in 2020, resulting in a decline in social security payments in the current period.
- (3) During the Reporting Period, the finance costs of the Group were RMB913 million, representing an increase of 4.71% as compared with RMB872 million in 2019. This was mainly due to the increase in interest expenses over the same period of 2019. Among which, the finance costs of wind power business were RMB805 million, representing an increase of 7.73% as compared with 2019, mainly due to termination of capitalization of borrowing costs resulting in an increase in interest expenses included in current expenses as wind power projects came into operation one after another; the finance costs of natural gas business were RMB84 million, representing a decrease of 19.03% as compared with 2019, mainly due to the decrease in interest expenses as a result of the decrease in interest rates on bank borrowings compared to the same period of 2019.
- (4) During the Reporting Period, the Group's R&D expenses were RMB36.4176 million, representing an increase of 253.82% as compared with RMB10.2926 million in the same period of 2019. This was mainly due to the increase in the Group's R&D investment.

4. R&D investment

(1). Table of R&D investment

	<i>Unit: Yuan</i>
Expensed research and development expenses for the period	36,417,584.20
Capitalized research and development expenses for the period	12,425,222.01
Total R&D investment	48,842,806.21
Percentage of the total R&D investment to operating revenue (%)	0.39
Number of research and development personnel in the Company	54
Percentage of research and development personnel in the total number of persons in the Company (%)	2.26
Percentage of R&D expenditure capitalized (%)	25.44

5. Cash flow

Unit: Yuan Currency: RMB

Items	2020	2019 (retrospectively adjusted)
Net cash flows from operating activities	3,898,510,463.71	3,756,177,980.07
Net cash flows from investing activities	-9,814,026,374.24	-6,126,481,409.77
Net cash flows from financing activities	<u>5,438,451,386.17</u>	<u>2,461,531,389.18</u>

(1) operating activities

In 2020 and 2019, the net cash flows from operating activities of the Company were RMB3,898,510,463.71 and RMB3,756,177,980.07, respectively, representing a year-on-year increase of 3.79%. In 2020 and 2019, the cash inflows from operating activities of the Company mainly came from cash received from sales of goods and rendering for services, accounting for 99.23% and 99.01% of cash inflows from operating activities, respectively.

The cash outflow from operating activities of the Company was mainly cash paid for purchasing goods and receiving labor services, etc., accounting for 85.00% and 85.70% of the cash outflow from operating activities in 2020 and 2019, respectively.

(2) *Investing activities*

In 2020 and 2019, the net cash flow from investing activities of the Company was RMB-9,814,026,374.24 and RMB-6,126,481,409.77, respectively. The investing activities of the Company were mainly cash paid for the purchase and construction of fixed assets during this period.

The cash inflows from investing activities of the Company were mainly cash received from investment income, accounting for 72.48% and 97.98% of the cash inflows from investing activities in 2020 and 2019, respectively. Cash outflows mainly consisted of cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets, accounting for 98.05% and 94.44% of the cash outflows from investing activities in 2020 and 2019, respectively.

(3) *Financing activities*

In 2020 and 2019, the net cash flows from financing activities of the Company were RMB5,438,451,386.17 and RMB 2,461,531,389.18, respectively. The large net inflow of financing activities was mainly due to the increase in the amount of financing obtained from financial institution in the current period such as borrowings and issuance of mid-term bonds over the same period of the previous year. The cash inflows from financing activities of the Company were mainly cash received from obtaining loans, accounting for 92.85% and 87.17% of the cash inflows from financing activities in 2020 and 2019, respectively; the cash outflows from financing activities of the Company were mainly for debt repayment and distribution of dividends, accounting for 76.89%, 19.97% and 76.56%, 21.38% of the cash outflows from financing activities in 2020 and 2019, respectively.

(III) Analysis of assets and liabilities

1. Assets and liabilities

Unit: Yuan

Items	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the previous year	Balance as at the end of the previous year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the previous year (%)	Explanation
Accounts receivable	4,866,274,731.98	8.50	3,531,778,335.16	7.67	37.79	Increase in renewable energy subsidies
Other receivables	94,391,151.51	0.16	71,906,561.15	0.16	31.27	Increase in deposits and penalties receivable for overdue completion this year
Non-current assets due within one year			11,209,374.14	0.02	-100.00	Investment in entrusted loans due for recovery
Other current assets	915,759,257.54	1.60	612,710,559.96	1.33	49.46	Increase in VAT to be deducted in the current period
Investment in other equity instruments	218,605,700.00	0.38	115,205,700.00	0.25	89.75	Due to the increase in investment in HECIC Group Finance Company Limited this year
Construction in progress	13,983,364,988.28	24.42	7,644,129,190.52	16.60	82.93	Increase in investment in wind farm infrastructure projects in this period
Other non-current assets	1,853,716,395.86	3.24	2,904,137,094.15	6.31	-36.17	Decrease in prepayments for equipment and construction
Notes payable	4,516,529.53	0.01	39,213,163.34	0.09	-88.48	Due to the decrease in the use of bank acceptance bills for settlement
Accounts payables	176,947,893.06	0.31	97,832,792.03	0.21	80.87	Mainly due to the increase in payable for purchase of materials of the wind power segment

Items	Balance as at the end of the Reporting Period	Balance as at the end of the Reporting Period as a percentage of total assets (%)	Balance as at the end of the previous year	Balance as at the end of the previous year as a percentage of total assets (%)	Change in balance as at the end of the Reporting Period as compared with balance as at the end of the previous year (%)	Explanation
Contract liabilities	1,580,107,357.02	2.76	971,735,061.57	2.11	62.61	Due to the increase in sales of natural gas received in advance and the increase in commissioned construction costs for storage tanks received in advance this year
Other payables	6,133,744,755.20	10.71	3,767,240,806.98	8.18	62.82	Mainly due to the increase in equipment and construction payables
Non-current liabilities due within one year	3,691,634,649.12	6.45	2,216,640,342.34	4.81	66.54	Mainly due to the increase in debentures payables due within one year
Other current liabilities	500,000,000.00	0.87	1,500,000,000.00	3.26	-66.67	The super short-term commercial papers due for redemption in this period
Long-term borrowings	23,837,385,993.66	41.63	16,808,168,215.19	36.50	41.82	Due to the increase in the Company's borrowing from financial institutions in this period
Lease liabilities	738,279,841.86	1.29	1,341,771,847.92	2.91	-44.98	Repayment of current financial lease
Long-term payables	204,163,944.97	0.36	112,824,781.79	0.25	80.96	Due to the increase in borrowings from financial leasing companies in this period

2. *Restrictions on Main Assets as at the end of the Reporting Period*

Items	Carrying amount as at the end of the period	Reasons for such restriction
Cash	35,051,339.40	Land reclamation deposit, guarantee deposit, etc.
Receivable financing	12,100,000.00	Financing pledges
Accounts receivables	3,251,297,679.34	Financing pledges
Fixed assets	300,513,810.27	Financing pledges
Intangible assets	<u>3,385,818.14</u>	Financing pledges
Total	<u><u>3,602,348,647.15</u></u>	

Material charge on assets

During the year, the Group had no material charges on its assets.

3. *Other explanation*

(1) Contingent liabilities

As of 31 December 2020, RMB98 million was used as a guarantee provided by the Group to a joint venture, Hebei Suntien Guohua Gas Co., Ltd., for its application to a financial institution for credit line.

(2) Cash flow

As of 31 December 2020, the Group's total current liabilities were RMB13.536 billion, and the net decrease in cash and cash equivalents was RMB471 million. The Group has obtained credit facilities of a total amount of RMB72.221 billion from various domestic banks, of which an amount of RMB21.597 billion was utilized.

The majority of the Group's incomes and expenses are denominated in Renminbi. The Group did not enter into any financial instrument for hedging purposes as it is expected that its foreign exchange exposure will not be material.

(3) Capital expenditure

During the Reporting Period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to properties, plants and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flow from the Group's operating activities. During the Reporting Period, the Group's capital expenditure was RMB11.398 billion, representing an increase of 71.71% as compared with RMB6.638 billion in 2019. A breakdown of capital expenditure is as follows:

	<i>Unit: '000 Currency: RMB</i>		
	2020	2019	Change
	(RMB'000)	(RMB'000)	(%)
Natural gas	4,270,009	841,352	407.52%
Wind power and solar energy	7,124,245	5,786,894	23.11%
Unallocated capital expenditures	3,602	9,581	-62.40%
Total	<u>11,397,856</u>	<u>6,637,827</u>	<u>71.71%</u>

(4) Borrowings

As of 31 December 2020, the Group's long-term and short-term borrowings totaled RMB27.340 billion, representing an increase of RMB6.747 billion as compared with the end of 2019. Among all borrowings, the short-term borrowings (including long-term loans due within one year) aggregated to RMB3.503 billion, the long-term borrowings amounted to RMB23.837 billion.

During the Reporting Period, the Group actively expanded its financing channels and strengthened its capital management to guarantee the smooth operation of capital chain and to reduce finance cost. Firstly, the Group replaced existing high-interest-rate loans, and managed to get the prime rate for new loans. Secondly, the Group strengthened the capital management to improve efficiency of the use of funds and to reduce the chance of fund precipitation.

(5) Debt-to-asset Ratio

As at 31 December 2020, the Group's debt-to-asset ratio (the ratio of total liabilities divided by total assets) was 70.84%, representing an increase of 2.96 percentage points from 67.88% as at 31 December 2019, mainly due to the increase in bank borrowings of the Group.

(IV) Analysis of investment status

General analysis of external equity investments

During the Reporting Period, the Group's investment income from joint ventures and associates was RMB254 million, representing an increase of RMB39 million as compared with RMB215 million of 2019. This was mainly due to the increase in profits of joint ventures and associates during this year.

During the Reporting Period, net profit attributable to minority interests of the Company was RMB422 million, representing an increase of RMB8 million as compared with RMB414 million in 2019. This was primarily attributable to the overall profit increase of the Company during the period.

During the Reporting Period, the Group's external investments amounted to RMB185 million, representing a decrease of RMB155 million as compared with RMB340 million in the corresponding period of 2019, mainly due to the decrease in additional investments in associates as compared to 2019.

Unit : RMB'0,000

Investment amount during the Reporting Period	Investment amount in the previous year	Percentage change
18,495.72	33,997.36	-45.60%

Financial assets measured at fair value

Unit: Yuan

Item	Amount
Investments in other equity instruments	218,605,700.00
Receivables financing	<u>420,392,697.68</u>

(V) Analysis of major subsidiaries and investee companies

As at the end of the Reporting Period, net profit from a single subsidiary or investment income from a single investee company that equals to 10% or more of the net profit of the Company:

Unit: RMB'0,000

Company name	Shareholding percentage	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
HECIC New-energy Co., Ltd. (河北建投新能源有限公司)	100%	Wind power generation, wind farm investment and service consulting	481,730.00	2,466,217.93	738,767.97	276,733.03	87,438.99	74,075.48
Hebei Natural Gas Company Limited (河北省天然氣有限責任公司)	55%	Sale of natural gas and gas appliances, as well as the connection and construction of natural gas pipelines	168,000.00	835,566.48	320,713.58	803,886.42	71,811.60	58,358.16
Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司)	100%	Wind power generation	83,783.00	477,088.65	160,653.39	73,717.77	44,779.56	41,446.15

III. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(I) Industry landscape and Trend

During the 13th Five-Year Plan period, the PRC economic growth slowed, and downward pressure increased. However, the overall situation was stable, and China's economic resilience continued to be strengthened. During the 14th Five-Year Plan period, the PRC economy will shift from high-speed development to high-quality development, and technological innovation and green economy will become one of the themes of future economic development. For macroeconomic environment, under the situation and requirements of strictly controlling the total amount and intensity of traditional energy consumption and continuous improvement of the ecological environment, especially the announcement of "3060" objective, wind power, photovoltaic power and natural gas, as green and clean energy, will become the main strategic energy in China in the future.

In the new energy segment, the state encourages focusing on promoting the green upgrading and transformation of electric power and continues to vigorously support the development of wind and photovoltaic power during the 14th Five-Year Plan period. Given the huge room for development, how to seize high-quality wind and photovoltaic resources will become the primary task of industry development. New wind and photovoltaic power projects will enter the parity era. It may become a norm that the existing projects participate in market-based electricity trading. The issue of consumption will remain an important factor restricting the development of wind power and photovoltaic industries. China will continue to explore the development of other green and clean energy sources, and hydrogen energy is expected to be included in the national energy strategy system.

In the natural gas segment, the state focuses on promoting the coordinated and stable development of natural gas, and the development prospect of the industry is promising. The state vigorously promotes the construction of natural gas reserve system. The establishment of the State Piping Network Corporation has broken the monopoly of existing resources and pipelines. The construction of natural gas production, supply, storage and marketing system in China has taken a key step, resulting in a major restructuring of the original natural gas market system. The layout of LNG receiving stations will be further improved. The trend of diversification of natural gas import sources will become more obvious, and the competition in the upstream and downstream markets of the industrial chain will become increasingly fierce.

In view of the above, with the deepening of national power system reform and market-oriented natural gas reform, market competition in the wind power generation and natural gas business in which the Company operates will become increasingly fierce. However, opportunities and challenges coexist on the whole.

(II) Development strategies of the Company

As the socialism with Chinese characteristics enters a new era, China's economic development has also entered a new era. China's economy has shifted from high-speed growth stage to high-quality development stage. During the 14th Five-Year Plan period, the Company will fully grasp the general trend and direction of national energy development and follow the trend. The Company will closely follow its development and the general trend of state-owned enterprise reform, insist on adjusting the structure, making up for shortcomings, grasping innovation, and increasing potential as the main direction to promote high-quality development. The Company will adhere to its strategic objectives and effectively push forward work by centering around its two main businesses, being new energy and clean energy. It will focus on diversified business market development, promoting the implementation of key projects, expanding financing channels, building a digital Suntien, strengthening technological innovation and ensuring production safety. The Company will continue to improve its internal management mechanism, strive to build a team of employees with strong comprehensive quality, professional quality and good cultivation, vigorously develop corporate culture, cultivate a corporate culture with Suntien characteristics, and strive to improve the market-oriented, professional and international level of the Company.

(III) Business plan

2021 is the first year of the 14th Five-Year Plan period and also the centenary of the founding of the Communist Party of China. While the 100-year-old Communist Party of China is in its youth, the 10-year-old Suntien has embarked on a new journey. As the Company forges ahead and pursues dream, let's work together to accelerate our high-quality development.

(I) New energy business

By 2030, the proportion of non-fossil energy consumption in primary energy consumption in China will reach about 25%, and the installed capacity of wind power and solar power generation will reach over 1.2 billion KW. This has set up a new navigation mark for China's energy industry and provides a broad space for the follow-up development of the Company's new energy business. To this end, the Group will:

1. Strive to seize a new round of historical development opportunities and achieve high-quality development of wind power business. For onshore wind power, it will strengthen the promotion of existing agreed resources, and strive to obtain the approval of agreed resources as soon as practicable. In the meantime, it will focus on researching "Big channel, big base" projects and promote the scale and base development of wind power projects. For offshore wind power, on the basis of summing up the experience in the operation of the Puti Island Phase I project, it will closely follow the planning of projects in Jiangsu, Guangdong, Fujian and other southeast coastal areas, and strive to make new breakthroughs as soon as possible.

2. Actively promote the development of photovoltaic business, step up the effort into resource reserve and development, seek exploitable project resources in a wider scope, and advance the construction of large-scale ground-based centralized and parity photovoltaic projects.
3. Carry out strict and comprehensive project management and control, make concerted efforts at all levels, adjust the workflow of wind power and photovoltaic infrastructure, promote project construction in a planned and step-by-step manner, in order to ensure the safety, quality, progress and investment control of construction projects, so that the projects under construction are put into production on schedule with quality and effectiveness.
4. Conscientiously implement various safety precautions, and strictly implement the “five simultaneities” requirements for production safety in equipment selection, engineering infrastructure, production and operation, etc. to ensure the continuous and stable production safety of the Group.
5. Commercialize the Company’s existing scientific research achievements and promote their application in the market as soon as possible. It will strengthen the development of external channels and accelerate the conversion of scientific research results into value; further explore and develop technologies related to high-end equipment and monitoring systems to create large-scale services and products for the post-wind power market; improve the level of informatization construction of production management.

(II) Natural gas business

2021 is the first year of the 14th Five-Year Plan period. In the face of the new situation caused by the national oil and gas system reform and the establishment of the State Piping Network Corporation, an oil and gas market system is gradually taking shape, with multi-source and multi-channel supply of oil and gas resources in the upstream, a unified network for efficient collection and transmission in the middle stream and market-oriented healthy competition in the downstream. Oil and gas enterprises face both challenges and opportunities. To this end, the Group will:

1. Push forward the construction of the Tangshan LNG Project as scheduled, including completing the civil construction of 4 storage tanks, 80% welding for the outbound pipeline Caofeidian-Baodi section, and the main body of the outbound pipeline Baodi-Yongqing section. It will also actively promote the communication and cooperation with international gas source enterprises in order to enter into long-term overseas LNG cooperation agreements and realize the diversification of upstream gas sources.

2. Stick to its development strategy of “market is king” by leveraging its advantages of existing provincial natural gas trunk pipelines to actively expand urban natural gas projects and taking various measures such as acquisitions and mergers to continuously explore new downstream markets in order to steadily expand the scale of its end-user market.
3. Accelerate the construction of the Beijing-Handan Dual Track (京邯複線), the Zhuozhou-Yongqing Pipeline (涿州—永清管線) and the Handan Connection Line (邯鄲聯絡線), the preliminary procedures for the Qinfeng Track (秦豐管線) and the Phase IV Project of Ten Counties in Central Hebei Province (冀中十縣四期項目), and further improve its unified network to enhance the ability to provide safe and steady gas supply.
4. Continue to promote scientific and technological innovation, build “smart gas”, continue to promote the renovation of unmanned stations and the construction of automatic distribution control system, strive to complete the construction of these projects and fully realize unmanned and automatic management of stations within the year to lower labour cost. It will further strengthen the automation of engineering, customer service, operation and other functions to improve the quality and efficiency.

(III) Continuous expansion on financing methods

In 2021, the Group will continue to explore channels for financing and innovative financing means and to obtain capital at low cost for project construction in order to ensure the stability of the Group’s capital chain.

1. The Group will timely review its existing loans for reasonable replacement with low-interest loans to further optimize financing structure and reduce financing cost. It will keep an eye on the adjustment of relevant fiscal, taxation and financial policies of the state and local governments, communicate with major financial institutions on a regular basis, and actively draw facilities.
2. It will make steady progress on non-public issue projects, pay close attention to the latest policies and review standards for issue, continue to optimize and adjust the relevant proposals and work pace to ensure smooth project implementation, and issue debt financing products such as corporate bonds and financing bonds in a timely manner to meet the Group’s future capital needs.

(IV) Potential risks

(I) Wind power business

1. Uncertain wind resources

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. Due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2021 as compared to 2020. During the project planning phase and before the construction of wind farms, the Group will conduct a comprehensive wind resources test to evaluate the potential installed capacity of such locations in order to reduce the climatic risks.

2. Risk of decrease in tariff rate

In accordance with the relevant national policies, the objective of “same price for wind power and coal-fired power” is achieved by 2020. As such, the Group will fully study the relevant national policies, understand the actual situations of the projects to be developed and actively and reasonably arrange the project development and construction progress to ensure the projects will be connected to grid and put into operation as soon as possible. At the same time, the Group will continue to strengthen the operation, maintenance and management, enhance the safety and reliability of equipment, improve the level of production and operation maintenance, and strive to lay a solid foundation for the development of subsequent projects.

3. Continuation of wind curtailment and power constraints

As the construction of power grids is lagging behind the construction of wind power projects, the development of wind power projects is limited by wind power output, especially in Zhangjiakou region where wind resources are concentrated. With the new wind power projects in Zhangjiakou being put into operation, it is expected that power constraints are likely to further intensify in the next few years.

The Group will, based on the construction of power grids in the place where each wind power project is located, prioritize the development and construction of wind power projects in the regions with great availability of power grid facilities and grid connection. At the same time, the Group will explore and develop innovative consumption methods for wind power. Along with the advancement of power grid restructuring by power grid companies and investment in and construction of extra-high voltage power distribution network, the power grid output issue is expected to be gradually improved.

4. Increase in management difficulty of construction

Uncontrollable factors such as project obstacles, slow land approval and complicated formalities of forest land for projects located at pastures and natural reserves during the construction of certain wind power projects affect the overall progress of the construction. The Group will arrange reasonable schedule and coordinate and communicate with the wind power equipment manufacturers and local governments to effectively control the unfavorable factors in the construction of wind power project, to ensure that the projects will commence operation as scheduled.

5. Risk of market-based electricity trading

With the deepening of national power system reform, the scale of highly-market-based electricity trading is expected to further expand, and the Company's wind power and photovoltaic business will face the risk of market-based bidding transaction leading to a decrease in electricity prices. The Company will conduct in-depth study on the business rules of market-based electricity trading, carefully study the electricity sales policies promulgated by the country and various provinces, understand and master the relevant operating procedures, and increase the Company's grid-connected power by actively participating in market-based trading, in order to maximize the interests of the Company.

(II) Natural gas business

1. Risks of falling pipeline transmission fees and city gas charges

In recent years, the state has continued to promote natural gas price reforms in accordance with the general idea of "enhancing control in the middle and deregulating on both ends". In the future, if the structural reforms on the supply side continues to deepen and the energy prices continue to decrease to support the real economy, there will be a risk that the profit margin of the Company's natural gas business may decline. The Company will seize the favorable opportunity of promoting clean energy in China, fully utilize the government's policy guidance of promoting clean energy and strengthening pollution control, give full play to its resources and service advantages, continue to expand the development of natural gas customers, and strive to expand the scope of the Company's operating regions and increase its market share.

2. Risk of insufficient supply of upstream resources

Gas supply in winter is a matter of people's livelihood and bears a great responsibility. As the Company's resource structure continued to improve and the pressure on resources eased, the gas supply capacity of its pipeline network continued to increase. However, the peak-valley difference for gas consumption remains at a high level, and the gas supply situation in winter is still not optimistic.

The Group will make early overall resource planning and related arrangements, rely on its years of experience in gas supply to identify and analyze issues, carry out early examination of all equipment and renovation of gas transmission bottleneck to ensure that all gas supply equipment meet the requirements for supply in winter. It will leverage its "smart gas" platform to ensure the stable operation of production system, effectively strengthen production safety and operation management, closely communicate with upstream resource providers, downstream gas consumption enterprises and control centers, and carry out dynamic monitoring of supply and demand.

3. Risk of further increased difficulty for market expansion

Currently natural gas market players are changing from a "one-to-one" model to a "many-to-many" model, and the transaction method is changing from bilateral negotiation to multilateral competition. As major upstream gas source suppliers continue to expand into downstream business, the Company will face the competition from major upstream enterprises. Direct supply to major users and price war will become a favourable measure for upstream enterprises to enter the end-user market, and the difficulty for market expansion will be further increased.

The Group will firmly adhere to the concept of "market is king", further optimize its resource mix, market layout and sales policy, continue to broaden market reach, deeply tap the market potential, make full use of its resource and synergy advantages, open up new channels amid fierce market competition, and take multiple measures to ensure the continuous growth of gas volume.

4. The risk of incomplete recovery of accounts receivable

Through the unremitting efforts of the Group, the number of its users in arrears in the downstream of natural gas and the overdue payment decreased year by year. However, it will still take some time to recover the remaining arrears.

The Group will actively explore new measures and ideas for payment collection, focus on government policies and asset and debt disposal proposals, accelerate the recovery of natural gas arrears, and proactively prevent various risks to safeguard the interests of the Group.

5. Risk of lower prices of other alternative energy

In 2020, as a result of international oil price fluctuations and downward pressure on the PRC macroeconomy, the prices of alternative energy sources such as oil and coal changed significantly. The competitive advantage of natural gas was somehow affected, which is expected to continue to have a certain adverse impact on the growth of gas sales volume of the Group in 2021. Therefore, the Group will actively introduce low cost gas sources, and develop downstream users and increase sales volume.

(III) Interest rate risk

The Group is principally engaged in investment in domestic wind power, photovoltaic and natural gas projects, which requires certain amount of capital expenditure. The demand for borrowing funds is high and fluctuation in interest rate will have certain influence on the capital costs of the Group. The Group will keep an eye on the trend of the national monetary policies, strengthen its communications with financial institutions to bargain for prime interest rate loans; expand financing channels in various aspects to achieve financial innovation, and explore means of issuance of debentures, finance lease, foreign financing and trade receivable factoring to ensure the smooth operation of capital chain and a low cost for project construction.

IV. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

For the significant events after the end of the Reporting Period of the Group, please refer to Note V “Events after the Balance Sheet Date” to the financial statements in the Appendix to this announcement.

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

In order to expand its financing channels, optimise its capital structure and further improve its competitiveness and economic benefits, the Company completed the initial public offering and listing of 134,750,000 RMB ordinary shares (A shares)(stock code: 600956) of par value RMB1 each on the Shanghai Stock Exchange on 29 June 2020 and the existing domestic shares of the Company were simultaneously converted to A shares. The issue price was RMB3.18 per A share and A shares were issued under the general mandate granted by the shareholders to the Board at the 2018 annual general meeting held on 11 June 2019. The total proceeds from the A share offering was RMB428.505 million and the net proceeds was RMB389.8293 million after deduction of offering expenses of RMB38.6757 million. After the offering, the total number of shares of the Company was 3,849,910,396, comprising 2,010,906,000 A shares and 1,839,004,396 H shares.

During the Reporting Period, save for the initial non-public offering of A Shares, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure and set up shareholders meeting, the Board, the board of supervisors, Board committees and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the “**CG Code**”). During the Reporting Period, the Company has complied with all provisions set out in the CG Code, except for code provision E.1.2. In accordance with the requirements of provision E.1.2 of the CG Code, the chairman of the Board shall attend the annual general meeting. Mr. Cao Xin, the Chairman of the Company, was not able to attend the 2019 annual general meeting of the Company due to other business engagement. According to relevant requirements, the meeting was chaired by Mr. Mei Chun Xiao, an executive director, as jointly elected by more than half of all the directors of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions of the Company by all directors and supervisors of the Company.

After making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors confirmed that during the Reporting Period, they had fully complied with the obligations under the Model Code, and no breaches were found by the Company.

Profit Distribution Plan for 2020

As audited, the Company recorded the net profit attributable to shareholders of parent of RMB1,510.5554 million in 2020. The profit distribution plan for 2020 is as follows: the Company proposes to distribute a cash dividend of RMB1.36 (tax inclusive) for every 10 shares to all shareholders, and calculated based on the total number of issued shares of the Company as at 31 December 2020, being 3,849,910,396 shares, the total cash dividend to be distributed will amount to RMB523.5878 million. If there is any change to the total share capital registered on the registration date for the subsequent implementation of the interest distribution, the Company intends to keep the total distribution amount unchanged and make corresponding adjustment to the distribution ratio for each share. The above profit distribution plan is subject to the consideration and approval at the 2020 annual general meeting.

Subject to the approval of the profit distribution plan for 2020 at the 2020 annual general meeting, according to the current work plan, the Company expects to complete the distribution of cash dividends by 31 August 2021. If there is any change in the above expected timing and distribution arrangements, the Company will make an announcement in a timely manner in accordance with the relevant regulations of the places where its shares are listed.

Unified use of the CASBE for the preparation of financial statements

In order to further improve the efficiency and quality of the preparation of the Company's financial reports, and reduce disclosure costs and audit expenses, and as considered and approved at the second extraordinary general meeting of the Company for 2020, the Company unified the use of the CASBE for the preparation of financial statements for the year ending 31 December 2020 and subsequent accounting periods, and disclose the same in the PRC and Hong Kong markets. Please refer to the announcement and shareholder circular of the Company dated 3 November 2020 and the announcement dated 25 November 2020 for further details.

REVIEW OF ACCOUNTS

The Audit Committee of the Board of the Company has reviewed the 2020 annual results of the Group and the financial statements for the year ended 31 December 2020 prepared in accordance with the CASBE.

PUBLICATION OF ANNUAL REPORT

The Company will despatch to its shareholders the annual report for 2020 in due course in compliance with the Listing Rules, a copy of which will be published on the Company's website (<http://www.suntien.com>) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>).

By order of the Board of
China Suntien Green Energy Corporation Limited
Mei Chun Xiao
Executive Director/President

Shijiazhuang, Hebei Province, the PRC, 19 March 2021

As at the date of this announcement, the non-executive directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang; the executive directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive directors of the Company are Mr. Guo Ying Jun, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.

** For identification purpose only*

APPENDIX – FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

31 December 2020

RMB

Assets	31 December 2020	31 December 2019 (Restated)
Current assets		
Cash	1,898,492,786.13	2,357,533,402.90
Accounts receivables	4,866,274,731.98	3,531,778,335.16
Receivable financing	420,392,697.68	451,561,157.28
Advances to suppliers	380,771,646.27	396,125,373.11
Other receivables	94,391,151.51	71,906,561.15
Inventories	58,109,933.28	51,619,962.28
Non-current assets due within one year	–	11,209,374.14
Other current assets	915,759,257.54	612,710,559.96
Total current assets	8,634,192,204.39	7,484,444,725.98
Non-current assets		
Long-term equity investments	2,476,150,375.02	2,302,231,318.05
Other investments in equity instruments	218,605,700.00	115,205,700.00
Investment properties	27,137,369.92	28,242,538.36
Fixed assets	25,617,692,590.53	20,625,163,374.42
Construction in progress	13,983,364,988.28	7,644,129,190.52
Right-of-use asset	1,981,077,101.98	2,429,839,149.86
Intangible assets	2,197,732,480.00	2,248,798,277.93
Development expenses	12,425,222.01	–
Goodwill	39,411,613.25	39,411,613.25
Long-term prepaid expenses	41,078,690.75	31,750,259.82
Deferred income tax assets	175,129,816.42	194,323,757.67
Other non-current assets	1,853,716,395.86	2,904,137,094.15
Total non-current assets	48,623,522,344.02	38,563,232,274.03
Total assets	57,257,714,548.41	46,047,677,000.01

Liabilities and shareholders' equity	31 December 2020	31 December 2019 (Restated)
Current liabilities		
Short-term loans	1,220,742,600.37	1,703,437,120.54
Notes payable	4,516,529.53	39,213,163.34
Accounts payable	176,947,893.06	97,832,792.03
Contract liabilities	1,580,107,357.02	971,735,061.57
Wages payable	92,086,286.31	102,141,482.06
Tax payables	136,079,970.92	153,047,238.51
Other payables	6,133,744,755.20	3,767,240,806.98
Non-current liabilities due within one year	3,691,634,649.12	2,216,640,342.34
Other current liabilities	500,000,000.00	1,500,000,000.00
	<hr/>	<hr/>
Total current liabilities	13,535,860,041.53	10,551,288,007.37
Non-current liabilities		
Long-term loans	23,837,385,993.66	16,808,168,215.19
Debentures payables	2,085,000,000.00	2,285,000,000.00
Lease liability	738,279,841.86	1,341,771,847.92
Long-term payables	204,163,944.97	112,824,781.79
Accrued liabilities	52,760,727.00	47,325,376.00
Deferred income	59,142,565.63	64,855,869.16
Deferred income tax liabilities	49,632,336.35	45,716,791.95
	<hr/>	<hr/>
Total non-current liabilities	27,026,365,409.47	20,705,662,882.01
	<hr/>	<hr/>
Total liabilities	40,562,225,451.00	31,256,950,889.38
Shareholder equity		
Share capital	3,849,910,396.00	3,715,160,396.00
Other equity instruments	1,494,000,000.00	1,494,000,000.00
Including: Perpetual bonds	1,494,000,000.00	1,494,000,000.00
Capital surplus	2,400,024,673.73	2,175,589,840.68
Other comprehensive income	6,493,135.00	6,493,135.00
Surplus reserves	486,035,679.01	361,971,365.19
Undistributed profit	4,928,503,066.37	4,101,184,822.53
	<hr/>	<hr/>
Total equity attributable to shareholders of the parent company	13,164,966,950.11	11,854,399,559.40
Minority interests	3,530,522,147.30	2,936,326,551.23
	<hr/>	<hr/>
Total shareholders' equity	16,695,489,097.41	14,790,726,110.63
	<hr/>	<hr/>
Total liabilities and shareholders' equity	57,257,714,548.41	46,047,677,000.01
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CONSOLIDATED INCOME STATEMENT

2020

RMB

	2020	2019 (Restated)
Total operating revenue	12,510,885,312.89	11,985,837,618.15
Less: Operating costs	9,100,644,582.09	8,643,814,515.46
Taxes and surcharges	33,861,898.47	38,811,630.08
Selling expenses	1,985,327.57	562,620.01
Administration expenses	528,112,484.93	555,015,462.87
R&D expenses	36,417,584.20	10,292,552.11
Finance costs	912,722,221.39	871,659,354.20
Including: Interest expenses	925,256,193.42	878,140,750.20
Interest income	17,976,867.30	16,967,792.25
Add: Other gain	74,524,487.85	95,979,882.30
Investment gains	266,424,598.45	222,342,930.57
Including: Gains from investment in associated companies and joint ventures	254,015,712.80	214,982,681.24
Credit Impairment reversals/(losses)	69,900,742.39	(35,101,736.94)
Asset impairment losses	(55,773,051.65)	(7,074,784.53)
Asset disposal gains	260,932.94	383,664.45
Operating profit	2,252,478,924.22	2,142,211,439.27
Add: Non-operating income	13,099,850.88	50,232,523.57
Less: Non-operating expenses	1,562,460.91	1,802,319.41
Gross profits	2,264,016,314.19	2,190,641,643.43
Less: Income tax expenses	331,284,660.61	356,306,759.24
Net profit	<u>1,932,731,653.58</u>	<u>1,834,334,884.19</u>
Including: Net profit from continuing operations	1,932,731,653.58	1,834,334,884.19
Net profit attributable to owners of the parent company	1,510,555,357.16	1,420,669,278.97
Gain or loss attributable to minority interests	422,176,296.42	413,665,605.22
Total comprehensive income	<u>1,932,731,653.58</u>	<u>1,834,334,884.19</u>
Including: Total comprehensive income attributable to owners of the parent company	1,510,555,357.16	1,420,669,278.97
Total comprehensive income attributable to minority interests	422,176,296.42	413,665,605.22
Earnings per share		
Basic earnings per share	<u>0.38</u>	<u>0.36</u>
Diluted earnings per share	<u>0.38</u>	<u>0.36</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020

RMB

	Equity attributable to shareholders of the parent company								Minority interests	Total shareholders' equity
	Share capital	Other equity instruments -		Other comprehensive income		Surplus reserves	Undistributed profit	Subtotal		
		Perpetual bonds	Capital surplus		Special reserves					
I. Balance at the end of prior year	3,715,160,396.00	1,494,000,000.00	2,135,848,057.21	6,493,135.00	-	361,971,365.19	4,102,915,107.78	11,816,388,061.18	2,933,267,312.93	14,749,655,374.11
Business combination involving enterprises under common control	-	-	39,741,783.47	-	-	-	(1,730,285.25)	38,011,498.22	3,059,238.30	41,070,736.52
II. Balance at the beginning of current year	3,715,160,396.00	1,494,000,000.00	2,175,589,840.68	6,493,135.00	-	361,971,365.19	4,101,184,822.53	11,854,399,559.40	2,936,326,551.23	14,790,726,110.63
III. Changes of current year										
(I) Total comprehensive income	-	-	-	-	-	-	1,510,555,357.16	1,510,555,357.16	422,176,296.42	1,932,731,653.58
(II) Share capital contributed or withdrew by shareholders										
1. Ordinary shares contribution by shareholders	134,750,000.00	-	255,079,265.47	-	-	-	-	389,829,265.47	481,032,731.00	870,861,996.47
2. Reduction of capital by shareholders	-	-	-	-	-	-	-	-	(5,123,755.50)	(5,123,755.50)
3. Business combination involving enterprises under common control	-	-	(38,673,853.79)	-	-	-	-	(38,673,853.79)	-	(38,673,853.79)
4. Changes of paid-in capital in subsidiaries	-	-	7,235,100.00	-	-	-	-	7,235,100.00	47,775,000.00	55,010,100.00
5. Others	-	-	794,321.37	-	-	-	-	794,321.37	372,744.52	1,167,065.89
(III) Profit Distribution										
1. Profit appropriation to surplus reserve	-	-	-	-	-	124,064,313.82	(124,064,313.82)	-	-	-
2. Appropriation of profit to shareholders	-	-	-	-	-	-	(481,238,799.50)	(481,238,799.50)	(352,037,420.37)	(833,276,219.87)
3. Distribution to owners of other equity instruments	-	-	-	-	-	-	(77,934,000.00)	(77,934,000.00)	-	(77,934,000.00)
(IV) Special reserves										
1. Appropriation of special reserve	-	-	-	-	62,858,933.83	-	-	62,858,933.83	-	62,858,933.83
2. Application of special reserve	-	-	-	-	(62,858,933.83)	-	-	(62,858,933.83)	-	(62,858,933.83)
IV. Balance at the end of the year	<u>3,849,910,396.00</u>	<u>1,494,000,000.00</u>	<u>2,400,024,673.73</u>	<u>6,493,135.00</u>	<u>-</u>	<u>486,035,679.01</u>	<u>4,928,503,066.37</u>	<u>13,164,966,950.11</u>	<u>3,530,522,147.30</u>	<u>16,695,489,097.41</u>

2019 (Restated)

	Equity attributable to shareholders of the parent company								Minority interests	Total shareholders' equity
	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Subtotal		
I. Balance at the end of prior year	3,715,160,396.00	587,640,000.00	2,134,633,314.99	6,493,135.00	-	284,351,615.28	3,308,078,277.64	10,036,356,738.91	2,360,195,077.17	12,396,551,816.08
Business combination involving enterprises under common control	-	-	39,741,783.47	-	-	-	(7,613,943.60)	32,127,839.87	2,039,946.32	34,167,786.19
II. Balance at the beginning of current year	3,715,160,396.00	587,640,000.00	2,174,375,098.46	6,493,135.00	-	284,351,615.28	3,300,464,334.04	10,068,484,578.78	2,362,235,023.49	12,430,719,602.27
III. Changes of current year										
(I) Total comprehensive income	-	-	-	-	-	-	1,420,669,278.97	1,420,669,278.97	413,665,605.22	1,834,334,884.19
(II) Share capital contributed or withdrew by shareholders										
1. Ordinary shares contribution by shareholders	-	-	-	-	-	-	-	-	478,144,088.83	478,144,088.83
2. Business combination involving enterprises under common control	-	-	-	-	-	-	-	-	510,000.00	510,000.00
3. Capital invested by owners of other equity instruments	-	906,360,000.00	-	-	-	-	-	906,360,000.00	-	906,360,000.00
4. Others	-	-	1,214,742.22	-	-	-	-	1,214,742.22	557,243.64	1,771,985.86
(III) Profit Distribution										
1. Profit appropriation to surplus reserve	-	-	-	-	-	77,619,749.91	(77,619,749.91)	-	-	-
2. Appropriation of profit to shareholders	-	-	-	-	-	-	(464,395,040.57)	(464,395,040.57)	(318,785,409.95)	(783,180,450.52)
3. Distribution to owners of other equity instruments	-	-	-	-	-	-	(77,934,000.00)	(77,934,000.00)	-	(77,934,000.00)
(IV) Special reserves										
1. Appropriation of special reserve	-	-	-	-	55,379,137.46	-	-	55,379,137.46	-	55,379,137.46
2. Application of special reserve	-	-	-	-	(55,379,137.46)	-	-	(55,379,137.46)	-	(55,379,137.46)
IV. Balance at the end of the year	<u>3,715,160,396.00</u>	<u>1,494,000,000.00</u>	<u>2,175,589,840.68</u>	<u>6,493,135.00</u>	<u>-</u>	<u>361,971,365.19</u>	<u>4,101,184,822.53</u>	<u>11,854,399,559.40</u>	<u>2,936,326,551.23</u>	<u>14,790,726,110.63</u>

CONSOLIDATED CASH FLOW STATEMENT

2020

RMB

	2020	2019 (Restated)
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	12,950,923,767.81	13,160,922,351.79
Cash received from taxes refund	69,529,438.26	91,148,442.38
Cash received from other operating activities	31,297,942.96	39,948,303.32
	<u>13,051,751,149.03</u>	<u>13,292,019,097.49</u>
Sub-total of cash inflows from operating activities		
Cash paid for goods and services	(7,780,274,875.69)	(8,172,164,004.39)
Cash paid to and on behalf of employees	(610,160,007.56)	(557,036,252.68)
Payments of taxes and surcharges	(544,817,735.65)	(591,867,225.94)
Cash paid relating to other operating activities	(217,988,066.42)	(214,773,634.41)
	<u>(9,153,240,685.32)</u>	<u>(9,535,841,117.42)</u>
Sub-total of cash outflows from operating activities		
Net cash flows from operating activities:	<u>3,898,510,463.71</u>	<u>3,756,177,980.07</u>
II. Cash flows from investing activities:		
Cash received from investment	66,219,474.14	975.43
Cash received from investment income	175,330,352.84	177,783,236.24
Cash received from acquisition of subsidiaries	-	1,750,965.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	364,966.13	1,921,778.66
	<u>241,914,793.11</u>	<u>181,456,955.47</u>
Sub-total of cash inflows from investing activities		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(9,860,264,202.28)	(5,957,524,350.68)
Cash paid for investments	(183,950,800.00)	(339,973,600.00)
Pledged bank deposits and other restricted cash increased	(11,726,165.07)	(10,440,414.56)
	<u>(10,055,941,167.35)</u>	<u>(6,307,938,365.24)</u>
Sub-total of cash outflow from investing activities		
Net cash flow used in investing activities	<u>(9,814,026,374.24)</u>	<u>(6,126,481,409.77)</u>

	2020	2019 (Restated)
III. Cash flows from financing activities:		
Funds raised in the initial public offering	400,203,113.21	–
Cash received from investment	481,032,731.00	1,385,014,088.83
Including: Proceeds received by subsidiaries from minority shareholder’s investment	481,032,731.00	478,654,088.83
Cash received from borrowings	14,896,778,854.11	9,844,039,619.74
Cash received from other financing activities	266,678,143.26	63,550,335.21
	<u>16,044,692,841.58</u>	<u>11,292,604,043.78</u>
Sub-total of cash inflows from financing activities		
Cash paid for loan repayments	(8,155,095,284.78)	(6,761,492,911.87)
Cash paid for dividends, profits appropriation or payments of interest of interest	(2,118,169,282.42)	(1,887,694,105.63)
Including: Dividends/profits paid to minority interest by subsidiaries	(305,989,953.16)	(289,976,436.81)
Cash paid relating to other financing activities	(332,976,888.21)	(181,885,637.10)
	<u>(10,606,241,455.41)</u>	<u>(8,831,072,654.60)</u>
Sub-total of cash outflows from financing activities		
Net cash flows from financing activities	<u>5,438,451,386.17</u>	<u>2,461,531,389.18</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	<u>6,297,742.52</u>	<u>(1,865,527.28)</u>
V. Net (decrease)/increase in cash and cash equivalents	(470,766,781.84)	89,362,432.20
Add: Cash and cash equivalents at the beginning of the year	<u>2,334,208,228.57</u>	<u>2,244,845,796.37</u>
VI. Cash and cash equivalents at the end of the year	<u>1,863,441,446.73</u>	<u>2,334,208,228.57</u>

BALANCE SHEET*31 December 2020**RMB*

Assets	31 December 2020	31 December 2019
Current assets		
Cash	140,173,830.24	326,014,292.68
Advances to suppliers	1,807,879.04	616,019.96
Other receivables	839,074,927.28	965,346,523.97
Other current assets	915,151.96	—
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Total current assets	981,971,788.52	1,291,976,836.61
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Non-current assets		
Long-term equity investments	10,868,214,909.92	9,361,944,115.28
Other investments in equity instruments	200,000,000.00	100,000,000.00
Fixed assets	4,711,962.92	2,065,516.39
Construction in progress	17,077,506.31	25,496,605.58
Right-of-use asset	1,921,656.15	3,843,312.15
Intangible assets	4,973,363.74	5,418,749.86
Long-term prepaid expenses	45,123.82	253,882.91
Other non-current assets	3,050,710,600.00	2,497,666,800.00
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Total non-current assets	14,147,655,122.86	11,996,688,982.17
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Total assets	15,129,626,911.38	13,288,665,818.78
	<hr/> <hr/>	<hr/> <hr/>

Liabilities and shareholders' equity	31 December 2020	31 December 2019
Current liabilities		
Wages payable	2,565,703.98	2,058,959.93
Tax payables	1,666,861.82	1,311,892.43
Other payables	147,822,366.13	139,285,209.18
Other current liabilities	500,000,000.00	1,500,000,000.00
Non-current liabilities due within one year	234,119,001.88	221,631,870.00
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Total current liabilities	886,173,933.81	1,864,287,931.54
Non-current liabilities:		
Long-term loans	3,018,710,600.00	2,269,870,600.00
Debentures payables	1,000,000,000.00	–
Deferred income	1,500,000.00	600,000.00
Lease liabilities	–	1,900,319.56
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Total non-current liabilities	4,020,210,600.00	2,272,370,919.56
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Total liabilities	4,906,384,533.81	4,136,658,851.10
Sareholder equity		
Share capital	3,849,910,396.00	3,715,160,396.00
Other equity instruments	1,494,000,000.00	1,494,000,000.00
Including: Perpetual bonds	1,494,000,000.00	1,494,000,000.00
Capital surplus	2,467,638,320.02	2,212,623,248.78
Surplus reserves	486,035,679.01	361,971,365.19
Undistributed profit	1,925,657,982.54	1,368,251,957.71
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Total shareholders' equity	10,223,242,377.57	9,152,006,967.68
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Total liabilities and shareholders' equity	15,129,626,911.38	13,288,665,818.78
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INCOME STATEMENT

2020

RMB

	2020	2019
Total operating revenue	1,903,318.83	–
Less: Operating costs	556,559.36	–
Taxes and surcharges	24,130.45	1,926.00
Administration expenses	70,636,514.51	76,574,749.46
R&D expenses	18,555,337.59	–
Finance costs	21,601,693.05	11,824,998.37
Including: Interest expenses	28,256,308.17	13,606,868.22
Interest income	4,226,706.61	4,585,445.64
Add: Other gain	49,306.80	–
Investment gains	1,360,801,382.36	864,167,650.49
Including: Gains from investment in associated companies and joint ventures	8,191,682.14	(6,519,784.24)
Credit impairment losses	(948,278.36)	(394,217.00)
Asset impairment losses	(9,539,404.52)	(866,260.61)
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Operating profit	1,240,892,090.15	774,505,499.05
Add: Non-operating income	–	1,692,000.00
Less: Non-operating expenses	248,952.00	–
	<hr/>	<hr/>
Gross profits	1,240,643,138.15	776,197,499.05
Less: Income tax expenses	–	–
	<hr/>	<hr/>
Net profit	<u>1,240,643,138.15</u>	<u>776,197,499.05</u>
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Including: Net profit from continuing operations	1,240,643,138.15	776,197,499.05

STATEMENT OF CHANGES IN EQUITY
2020

RMB

	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Surplus reserves	Undistributed profit	Total shareholders' equity
I. Balance at the beginning of current year	3,715,160,396.00	1,494,000,000.00	2,212,623,248.78	361,971,365.19	1,368,251,957.71	9,152,006,967.68
II. Changes of current year						
(I) Total comprehensive income	-	-	-	-	1,240,643,138.15	1,240,643,138.15
(II) Share capital contributed or withdrew by shareholders						
1. Ordinary shares contribution by owners	134,750,000.00	-	255,079,265.47	-	-	389,829,265.47
2. Capital invested by owners of other equity instruments						
3. Business combination involving enterprises under common control	-	-	(402,938.96)	-	-	(402,938.96)
4. Other	-	-	338,744.73	-	-	338,744.73
(III) Profit Distribution						
1. Profit appropriation to surplus reserve	-	-	-	124,064,313.82	(124,064,313.82)	-
2. Appropriation of profit to shareholders	-	-	-	-	(481,238,799.50)	(481,238,799.50)
3. Distribution to owners of other equity instruments	-	-	-	-	(77,934,000.00)	(77,934,000.00)
III. Balance at the end of the year	<u>3,849,910,396.00</u>	<u>1,494,000,000.00</u>	<u>2,467,638,320.02</u>	<u>486,035,679.01</u>	<u>1,925,657,982.54</u>	<u>10,223,242,377.57</u>

	Share capital	Other equity instruments – Perpetual bonds	Capital surplus	Surplus reserves	Undistributed profit	Total shareholders' equity
I. Balance at the beginning of current year	3,715,160,396.00	587,640,000.00	2,212,210,084.23	284,351,615.28	1,212,003,249.15	8,011,365,344.66
II. Changes of current year						
(I) Total comprehensive income	-	-	-	-	776,197,499.05	776,197,499.05
(II) Share capital contributed or withdrew by shareholders						
1. Capital invested by owners of other equity instruments	-	906,360,000.00	-	-	-	906,360,000.00
2. Others	-	-	413,164.55	-	-	413,164.55
(III) Profit Distribution						
1. Profit appropriation to surplus reserve	-	-	-	77,619,749.91	(77,619,749.91)	-
2. Appropriation of profit to shareholders	-	-	-	-	(464,395,040.58)	(464,395,040.58)
3. Distribution to owners of other equity instruments	-	-	-	-	(77,934,000.00)	(77,934,000.00)
III. Balance at the end of the year	<u>3,715,160,396.00</u>	<u>1,494,000,000.00</u>	<u>2,212,623,248.78</u>	<u>361,971,365.19</u>	<u>1,368,251,957.71</u>	<u>9,152,006,967.68</u>

CASH FLOW STATEMENT

2020

RMB

	2020	2019
I. Cash flows from operating activities:		
Cash received from other operating activities	<u>808,549,883.03</u>	<u>1,077,163,159.98</u>
Sub-total of cash inflows from operating activities	<u>808,549,883.03</u>	<u>1,077,163,159.98</u>
Cash paid to and on behalf of employees	(51,702,231.82)	(38,154,967.28)
Payments of taxes and surcharges	(85,075.75)	(150,478.72)
Cash paid relating to other operating activities	<u>(992,390,204.55)</u>	<u>(917,400,869.90)</u>
Sub-total of cash outflows from operating activities	<u>(1,044,177,512.12)</u>	<u>(955,706,315.90)</u>
Net cash flows from operating activities:	<u>(235,627,629.09)</u>	<u>121,456,844.08</u>
II. Cash flows from investing activities		
Cash received from investment	-	-
Cash received from investment income	<u>1,236,828,753.03</u>	<u>854,366,578.76</u>
Sub-total of cash inflows from investing activities	<u>1,236,828,753.03</u>	<u>854,366,578.76</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(7,228,970.00)	(48,953,382.05)
Cash paid for investments	<u>(1,611,421,331.25)</u>	<u>(1,274,259,983.00)</u>
Sub-total of cash outflow from investing activities	<u>(1,618,650,301.25)</u>	<u>(1,323,213,365.05)</u>
Net cash flows from investing activities	<u>(381,821,548.22)</u>	<u>(468,846,786.29)</u>

	2020	2019
III. Cash flows from financing activities:		
Cash received from investment	400,203,113.21	906,360,000.00
Cash received from borrowings	<u>3,607,427,777.78</u>	<u>2,383,600,000.00</u>
Sub-total of cash inflows from financing activities	<u>4,007,630,890.99</u>	<u>3,289,960,000.00</u>
Cash paid for loan repayments	(2,847,540,000.00)	(2,312,759,400.00)
Cash paid for dividends, profits appropriation or payments of interest	(723,653,628.15)	(688,252,446.57)
Cash paid relating to other financing activities	<u>(10,373,847.74)</u>	<u>–</u>
Sub-total of cash outflows from financing activities	<u>(3,581,567,475.89)</u>	<u>(3,001,011,846.57)</u>
Net cash flows from financing activities:	<u>426,063,415.10</u>	<u>288,948,153.43</u>
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	5,545,299.77	344,724.83
V. Net increase/(decrease) in cash and cash equivalents	(185,840,462.44)	(58,097,063.95)
Add: Cash and cash equivalents at the beginning of the year	<u>326,014,292.68</u>	<u>384,111,356.63</u>
VI. Cash and cash equivalents at the end of the year	<u><u>140,173,830.24</u></u>	<u><u>326,014,292.68</u></u>

NOTES TO THE FINANCIAL STATEMENTS

2020

RMB

I. GENERAL INFORMATION

China Suntien Green Energy Corporation Limited (the “Company”) is a joint-stock company established in the PRC on 9 February 2010 with limited liability, with its capital jointly contributed by its promotor shareholder Hebei Construction & Investment Group Co., Ltd. (“HECIC”) with its new energy and natural gas assets and HECIC Water Investment Co., Ltd. (“HECIC Water”, a wholly-owned subsidiary of HECIC).

The registered office of the Company is located at No. 9 Yuhua West Road, Shijiazhuang City, Hebei Province, PRC.

The initial public offering and listing of the shares of the Company on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) was completed on 13 October 2010. A total of 1,076,900,000 H shares were issued and sold at a price of HK\$2.66 per share to investors in Hong Kong and overseas. In October 2010, the Company issued a total of 161,535,000 H shares at a price of HK\$2.66 per share upon exercise of the over-allotment option. As at 31 December 2010, the total number of shares of the Company was approximately 3,238,435,000, including 1,876,156,000 domestic shares and 1,362,279,000 H shares. HECIC directly and indirectly holds all domestic shares, representing 57.9% of the total number of shares of the Company, and is the controlling shareholder of the Company.

On 28 January 2014, the Company successfully placed 476,725,396 H shares, thereby increasing its registered capital by RMB476,725,396 and raising total funds of approximately HK\$1,597,030,077. After the completion of the capital increase by the issuance of additional H shares, the total issued share capital of the Company amounted to RMB3,715,160,396, divided into 3,715,160,396 shares of RMB1 each, with a direct and indirect shareholding of 50.5% by HECIC and shareholding of 49.5% by H shareholders in aggregate.

In July 2015, the State-owned Assets Supervision and Administration Commission of the State Council approved an agreement in relation to the transfer at nil consideration entered into by HECIC and HECIC Water to transfer 375,231,200 shares in the Company held by HECIC Water to HECIC at nil consideration. Upon completion of the transfer, HECIC directly held 50.5% shares of the Company, and H shareholders held a total of 49.5%.

With the approval of China Securities Regulatory Commission (Zheng Jian Xu Ke [2020] No. 1012), the initial public offering and listing of the shares of the Company on the Shanghai Stock Exchange were completed on 28 May 2020. A total of 134,750,000.00 ordinary shares in the Company (A shares) were issued at a price of RMB3.18 per share, with proceeds of RMB428,505,000.00.

As of 31 December 2020, the total accumulated issued share capital of the Company was RMB3,849,910,396.00, of which 48.73% was held by HECIC, 47.77% was held by H shareholders and 3.50% was held by A shareholders.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the investment, development, management and operation of wind power and solar energy generation, sale of natural gas and gas appliances, and the connection and construction of natural gas pipelines.

The parent company and ultimate parent company of the Company is HECIC, a Chinese state-owned enterprise.

The financial statements have been approved and authorised for issue by the Company’s Board of Directors on 19 March 2021.

II. BASIS OF PREPARATION

The financial statements are prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guide, interpretation and other relevant provisions promulgated and revised thereafter (the “Accounting Standards for Business Enterprises”).

The financial statements are prepared on a going concern basis.

As at 31 December 2020, the Group’s current liabilities exceeded its current assets by approximately RMB4,902 million. Management has considered the following sources of funding available for the next 12 months:

- (1) expected net cash inflows from operating activities;
- (2) unutilised banking facilities as at 31 December 2020 of approximately RMB50.624 billion;
- (3) The Company registered super short-term commercial papers of RMB2 billion with the National Association of Financial Market Institutional Investors in June 2020. Such facilities were approved for revolving use before June 2022. As at 31 December 2020, the unutilised facilities amounted to RMB1.5 billion.

The directors of the Company believe that the Group has adequate resources to meet its funding requirements for the next 12 months from the end of the Reporting Period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

These financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Declaration following Accounting Standards for Business Enterprises (ASBE)

The financial statements have been prepared in accordance with ASBE, and presented the Company’s and the Group’s financial position as on 31 December 2020, and the operating results and cash flows for 2020 truly and completely.

2. Accounting period

The Group has adopted the calendar year as its accounting year i.e. from 1 January to 31 December.

3. Functional currency

The Group adopts Renminbi as its functional currency and to prepare its financial statements. Unless otherwise stated, the financial statements are all presented in RMB.

4. Changes in Accounting Policies and Accounting Estimates

Accounting of COVID-19-related rent concessions

In accordance with the Provisions on the Accounting of COVID-19-related Rent Concessions, a simplified method may be chosen for COVID-19-related rent concessions in accordance with such accounting provisions. During the year, the Company had no relevant concessions, and such change in accounting policy had no impact on the consolidated and company net profit and owners' equity of the Company.

Scope of disclosure of related parties

According to the requirements of the Accounting Standards for Business Enterprises – Interpretation No. 13, since 1 January 2020, the associates of investors that have a significant influence on the Company will no longer be disclosed as related parties and the following parties not deemed as related parties previously shall be related parties: joint ventures and their subsidiaries or associates and their subsidiaries of other members (including parent company and subsidiaries) within the same group as the Company, joint ventures and their subsidiaries or associates and their subsidiaries of companies that exercise common control over the Company and joint ventures and their subsidiaries, subsidiaries of joint ventures, and subsidiaries of associates of companies that have a significant influence on the Company. Such change in accounting policies has affected the determination of related parties and disclosure of related party transactions, and no retrospective adjustment to comparative data is required according to the transitional provisions. The changes in the accounting policy has no impact on the disclosure scope of the related parties of the Company.

New lease standard

In 2018, the Ministry of Finance issued the revised “Accounting Standard for Business Enterprises No. 21-Leases” (the “New Lease Standard”) which adopts the single model similar to that used for the current accounting treatment for finance lease and requires the lessee to recognize the right-of-use asset and lease liability for all leases other than short-term leases and leases of low-value assets and recognize depreciation and interest expenses, respectively. Since 1 January 2019, the Group has conducted accounting treatment in accordance with the newly revised lease standard and elected not to reassess whether the contracts that have existed before the date of first implementation are or contain leases. According to the transitional requirements, information for the comparable period will not be adjusted and retained earnings of 2019 will be retrospectively adjusted based on the difference between the New Lease Standard and the current lease standard on the date of initial application:

- (1) The Group measures the right-of-use assets and lease liability respectively for the finance leases before the date of initial adoption in accordance with the original book value of the assets held under finance leases and the payables for finance leases;
- (2) For operating leases before the date of initial adoption, the Group measures the lease liabilities at the present value discounted by incremental borrowing rate on the date of initial adoption according to the remaining lease payments, and the prepaid rent is adjusted to measure the right-of-use asset according to an amount equal to the lease liabilities of each lease;
- (3) The Group conducted an impairment test on the right-of-use assets in accordance with Note III.19 and made corresponding adjustments.

For operating leases under which the leased assets fall as low-value assets prior to the date of initial adoption or operating leases to be completed within 12 months, the Group adopts simplified treatment and does not recognise right-of-use assets and lease liabilities. Further, as for operating leases existed before the date of initial adoption, the Group adopted the following simplified treatments:

- (1) when measuring lease liabilities, a single discount rate is applied to a portfolio of leases with similar characteristics; the measurement of right-of-use assets may exclude initial direct costs;
- (2) when the contract contains options to extend/terminate the lease, the Group determines the lease term according to the actual exercise of options and other current conditions prior to the date of initial application;
- (3) As an alternative to the impairment test of the right-of-use assets, the Group assesses whether the contract including the lease is an onerous contract before the date of first implementation according to the Accounting Standards for Business Enterprises No. 13 Contingencies, and adjusts the right-of-use assets based on the provision for losses presented in the balance sheet before the date of first implementation;

The Group conducts accounting treatment based on the final arrangement of the lease modification for modification of leases before the date of first implementation.

For the significant operating leases disclosed in the 2018 financial statement whose minimum lease payments have not been paid, the Group adjusts the difference between the present value discounted at the incremental borrowing rate of the Group as the lessee on 1 January 2019 and the lease liabilities included in the balance sheet as at 1 January 2019, as follows:

Minimum lease payments for significant operating leases as at 31 December 2018	93,611,738.67
Less: Minimum lease payments with simplified processing	10,164,781.56
Including: short-term leases	8,843,812.96
Lease with remaining lease term of less than 12 months 1	1,320,968.60
Add: Increase in lease payments due to lease extension options not recognized as at 31 December 2018 but reasonably certain to be exercised	12,212,967.49
Weighted average incremental borrowing rate	4.85%
Present value of operating lease payment as at 1 January 2019	67,962,870.62
Add: Minimum lease payments as at 31 December 2018 (Restated)	1,386,890,129.14
Lease liabilities as at 1 January 2019 (Restated)	1,454,852,999.76

The impact of the implementation of the New Lease Standard on the balance sheet items as at 1 January 2019 is as follows:

Consolidated Balance Sheet (Restated)

	Balance sheet value	Assuming under the original standard	Impact
Advances to suppliers	213,867,006.16	214,051,214.73	(184,208.57)
Fixed assets	18,423,345,972.52	19,684,560,168.62	(1,261,214,196.10)
Right-of-use asset	2,355,205,428.80	–	2,355,205,428.80
Construction in progress	5,920,572,298.04	6,946,416,610.53	(1,025,844,312.49)
Non-current liabilities due within one year	(1,993,402,148.66)	(1,981,923,086.32)	(11,479,062.34)
Lease liabilities	(1,358,465,661.53)	–	(1,358,465,661.53)
Long-term payables	(86,340,000.00)	(1,388,322,012.23)	1,301,982,012.23
	<u>23,474,782,895.33</u>	<u>23,474,782,895.33</u>	<u>–</u>

Company Balance Sheet

	Balance sheet value	Assuming under the original standard	Impact
Right-of-use asset	4,731,777.17	–	4,731,777.17
Non-current liabilities due within one year	(169,100,422.00)	(167,420,000.00)	(1,680,422.00)
Lease liabilities	(3,051,355.17)	–	(3,051,355.17)
	<u>(167,420,000.00)</u>	<u>(167,420,000.00)</u>	<u>–</u>

The impact of the implementation of the New Lease Standard on the 2019 financial statements is as follows:

Consolidated Balance Sheet

	Balance sheet value	Assuming under the original standard	Impact
Fixed assets	20,625,163,374.42	22,271,809,859.89	(1,646,646,485.47)
Right-of-use asset	2,429,839,149.86	–	2,429,839,149.86
Construction in progress	7,644,129,190.52	8,342,331,202.95	(698,202,012.43)
Other payables	(3,767,240,806.98)	(3,771,302,296.42)	4,061,489.44
Non-current liabilities due within one year	(2,216,640,342.34)	(2,107,655,026.07)	(108,985,316.27)
Lease liabilities	(1,341,771,847.92)	–	(1,341,771,847.92)
Long-term payables	(112,824,781.79)	(1,471,583,516.97)	1,358,758,735.18
	<u>23,260,653,935.77</u>	<u>23,263,600,223.38</u>	<u>(2,946,287.61)</u>

Consolidated Income Statement

	Balance sheet value	Assuming under the original standard	Impact
Operating cost	8,637,821,158.84	8,637,327,444.17	493,714.67
Administration expenses	553,933,392.40	553,957,217.86	(23,825.46)
Finance costs	868,885,126.78	866,458,342.65	2,426,784.13
	<u>10,060,639,678.02</u>	<u>10,057,743,004.68</u>	<u>2,896,673.34</u>

Company Balance Sheet

	Balance sheet value	Assuming under the original standard	Impact
Right-of-use asset	3,843,312.15	–	3,843,312.15
Non-current liabilities due within one year	(221,631,870.00)	(219,580,000.00)	(2,051,870.00)
Lease liabilities	(1,900,319.56)	–	(1,900,319.56)
	<u>(219,688,877.41)</u>	<u>(219,580,000.00)</u>	<u>(108,877.41)</u>

Company Income Statement

	Balance sheet value	Assuming under the original standard	Impact
Administration expenses	76,574,749.46	76,699,124.65	(124,375.19)
Finance costs	11,824,998.37	11,591,745.77	233,252.60
	<u>88,399,747.83</u>	<u>88,290,870.42</u>	<u>108,877.41</u>

IV. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

	31 December 2020	31 December 2019 (Restated)
Bank deposits		
RMB	1,864,387,479.04	2,339,597,951.95
HKD	8,358,541.68	3,914,850.61
	<u>1,872,746,020.72</u>	<u>2,343,512,802.56</u>
Other monetary fund		
RMB	25,746,765.41	14,020,600.34
	<u>1,898,492,786.13</u>	<u>2,357,533,402.90</u>
Including: Restricted amount due to mortgages, pledges or freezes	<u>35,051,339.40</u>	<u>23,325,174.33</u>

2. Accounts receivables

The Group's accounts receivable are mainly accounts receivable from wind power generation and natural gas sales, and the aging is calculated from the date of recognition of the accounts receivable. The credit period for accounts receivable is usually one month. The accounts receivable are not interest-bearing.

The aging analysis of accounts receivable is as follows

	31 December 2020	31 December 2019 (Restated)
Within 6 months	1,479,535,654.74	1,297,371,013.73
6 months to 1 year	1,009,473,976.08	893,537,512.69
1 year to 2 years	1,723,733,661.01	1,120,915,442.17
2 to 3 years	612,578,604.11	198,024,148.56
Over 3 years	506,973,226.67	558,058,299.89
	<u>5,332,295,122.61</u>	<u>4,067,906,417.04</u>
Less: Provision for bad debts of accounts receivable	<u>466,020,390.63</u>	<u>536,128,081.88</u>
	<u>4,866,274,731.98</u>	<u>3,531,778,335.16</u>

The accounts receivable and bad debt provisions are disclosed by category as follows:

	31 December 2020				
	Carrying balance		Bad debts provision		Carrying value
	Amount	Percentage (%)	Amount	provision (%)	
Provision for bad debts made on the individual basis	399,155,147.05	7.49	399,155,147.05	100.00	–
Provision for bad debts made on the credit risk characteristics grouping basis	4,933,139,975.56	92.51	66,865,243.58	1.36	4,866,274,731.98
	<u>5,332,295,122.61</u>	<u>100.00</u>	<u>466,020,390.63</u>		<u>4,866,274,731.98</u>

	31 December 2019 (Restated)				
	Carrying balance		Bad debts provision		Carrying value
	Amount	Percentage (%)	Amount	provision (%)	
Provision for bad debts made on the individual basis	481,387,368.17	11.83	481,387,368.17	100.00	–
Provision for bad debts made on the credit risk characteristics grouping basis	3,586,519,048.87	88.17	54,740,713.71	1.53	3,531,778,335.16
	<u>4,067,906,417.04</u>	<u>100.00</u>	<u>536,128,081.88</u>		<u>3,531,778,335.16</u>

At each balance sheet date, the accounts receivable with provision for bad debts made on the credit risk characteristics grouping basis are as follows:

The accounts receivable of the combination with extremely low recovery risk are as follows :

	31 December 2020			
	Carrying balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Renewable energy subsidies and benchmark electricity prices	<u>4,886,231,835.71</u>	<u>100.00</u>	<u>48,862,318.36</u>	<u>1.00</u>

	31 December 2019 (Restated)			
	Carrying balance		Bad debts provision	
	Amount	Percentage (%)	Amount	Provision percentage (%)
Renewable energy subsidies and benchmark electricity prices	<u>3,523,350,091.23</u>	<u>100.00</u>	<u>35,233,500.91</u>	<u>1.00</u>

The accounts receivable with provision for bad debts made on the credit risk characteristics grouping basis are as follows:

	31 December 2020		
	Gross carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	24,939,199.87	5.00	1,246,959.98
6 months to 1 year	2,407,440.19	10.00	240,744.02
1 year to 2 years	1,490,355.39	30.00	447,106.62
2 years to 3 years	4,006,059.60	50.00	2,003,029.80
Over 3 years	14,065,084.80	100.00	14,065,084.80
	<u>46,908,139.85</u>		<u>18,002,925.22</u>

	31 December 2019(Restated)		
	Gross carrying amount estimated to be in default	Expected credit loss rate (%)	Lifetime expected credit loss
Within 6 months	38,306,666.68	5.00	1,915,333.34
6 months to 1 year	2,247,498.70	10.00	224,749.87
1 year to 2 years	6,405,100.84	30.00	1,921,530.25
2 years to 3 years	1,528,184.16	50.00	764,092.08
Over 3 years	14,681,507.26	100.00	14,681,507.26
	<u>63,168,957.64</u>		<u>19,507,212.80</u>

The changes in the provision for bad debts of accounts receivable are as follows:

	2020	2019 (Restated)
Balance at the beginning of the year	536,128,081.88	526,909,144.80
Provision for the year	27,945,607.60	40,089,199.78
Provision recovered or reversed during this year	<u>(98,053,298.85)</u>	<u>(30,870,262.70)</u>
Balance at the end of the year	<u>466,020,390.63</u>	<u>536,128,081.88</u>

3. Receivable financing

	31 December 2020	31 December 2019 (Restated)
Bank acceptance bills	<u>420,392,697.68</u>	<u>451,561,157.28</u>

On 31 December 2020 and 31 December 2019, the Company had no bank acceptance bills transferred to accounts receivable due to non-performance of the issuers.

4. Advances to suppliers

	31 December 2020		31 December 2019 (Restated)	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 6 months	362,590,948.85	95.23	385,518,784.34	97.32
6 months to 12months	8,516,768.38	2.24	2,805,870.07	0.71
1 year to 2 years	4,775,692.85	1.25	3,103,038.48	0.78
2 years to 3 years	1,176,287.79	0.31	514,728.25	0.13
3 years to 4 years	380,112.50	0.10	461,704.50	0.12
4 years to 5 years	281,635.89	0.07	2,607,647.47	0.66
Over 5 years	3,050,200.01	0.80	1,113,600.00	0.28
	<u>380,771,646.27</u>	<u>100.00</u>	<u>396,125,373.11</u>	<u>100.00</u>

5. Other receivables

Other receivables by nature are as follows:

	31 December 2020	31 December 2019 (Restated)
Dividends receivable	44,158,212.59	45,202,558.05
Other receivables	<u>50,232,938.92</u>	<u>26,704,003.10</u>
	<u>94,391,151.51</u>	<u>71,906,561.15</u>

The ageing of other receivables is analysed below:

	31 December 2020	31 December 2019 (Restated)
Within 6 months	37,883,723.81	7,306,749.55
6 months to 1 year	2,483,128.21	1,950,813.62
1 year to 2 year	7,146,431.68	19,309,353.48
2 year to 3 year	14,012,167.47	8,980,622.67
Over 3 years	<u>50,691,525.61</u>	<u>50,933,552.78</u>
	112,216,976.78	88,481,092.10
Less: Provision for bad debts of other receivables	<u>61,984,037.86</u>	<u>61,777,089.00</u>
	<u>50,232,938.92</u>	<u>26,704,003.10</u>

Other receivables by nature are as follows:

	31 December 2020	31 December 2019 (Restated)
Deposits	58,358,684.12	45,672,632.63
Advances	25,331,000.21	26,418,468.67
Reserves	1,012,148.33	6,053,911.99
Others	27,515,144.12	10,336,078.81
	112,216,976.78	88,481,092.10
Less: provision for bad debts	61,984,037.86	61,777,089.00
Other receivables	50,232,938.92	26,704,003.10

6. Inventories

	31 December 2020	31 December 2019 (Restated)
Raw materials	29,530,462.34	22,261,437.29
Finished goods	28,360,302.79	29,322,170.01
Circulating materials	219,168.15	36,354.98
	58,109,933.28	51,619,962.28
Less: Allowance for decline in value of inventories	-	-
	58,109,933.28	51,619,962.28

7. Notes payable

	31 December 2020	31 December 2019 (Restated)
Bank acceptance bills	4,516,529.53	39,213,163.34

8. Accounts payable

Accounts payable are not interest-bearing and the aging is calculated from the date of recognition of the accounts payable and are usually settled within the agreed period.

	31 December 2020	31 December 2019 (Restated)
Within 6 months	137,429,669.75	76,919,816.65
6 months to 1 year	22,470,249.95	10,190,363.31
1 year to 2 years	15,499,638.91	5,023,892.42
2 years to 3 years	1,318,762.02	3,424,172.58
Over 3 years	229,572.43	2,274,547.07
	<u>176,947,893.06</u>	<u>97,832,792.03</u>

9. Contract liabilities

2020

	Opening balance	Accrued	Transferred	Closing balance
Advance receipts for natural gas sales	741,927,548.09	8,802,639,214.79	(8,628,458,646.28)	916,108,116.60
Advance receipts for pipeline construction	223,056,375.55	220,942,368.72	(177,519,354.26)	266,479,390.01
Advance receipt for commissioned construction costs for storage tanks	–	389,380,530.96	–	389,380,530.96
Advance receipt for pipeline transmission fees	1,761,082.78	78,217,620.77	(76,579,653.31)	3,399,050.24
Others received in advance	4,990,055.15	28,170,481.55	(28,420,267.49)	4,740,269.21
	<u>971,735,061.57</u>	<u>9,519,350,216.79</u>	<u>(8,910,977,921.34)</u>	<u>1,580,107,357.02</u>

2019 (Restated)

	Opening balance	Accrued	Transferred	Closing balance
Advance receipts for natural gas sales	488,823,801.48	8,928,024,183.54	(8,674,920,436.93)	741,927,548.09
Advance receipts for pipeline construction	193,502,667.65	201,299,907.02	(171,746,199.12)	223,056,375.55
Advance receipt for pipeline transmission fees	3,887,179.17	48,960,036.00	(51,086,132.39)	1,761,082.78
Others received in advance	5,364,762.47	16,920,006.13	(17,294,713.45)	4,990,055.15
	<u>691,578,410.77</u>	<u>9,195,204,132.69</u>	<u>(8,915,047,481.89)</u>	<u>971,735,061.57</u>

10. Other payables

	31 December 2020	31 December 2019 (Restated)
Interest payable	90,122,972.40	72,042,902.81
Dividends payables	172,358,689.75	126,311,222.54
Other payables	5,871,263,093.05	3,568,886,681.63
	<u>6,133,744,755.20</u>	<u>3,767,240,806.98</u>

Interest payable

	31 December 2020	31 December 2019 (Restated)
Bond interests	53,685,486.12	39,114,551.48
Borrowing interests	36,437,486.28	32,928,351.33
	<u>90,122,972.40</u>	<u>72,042,902.81</u>

Dividends payables

	31 December 2020	31 December 2019 (Restated)
Dividends payable to other equity holders	77,934,000.00	77,934,000.00
Dividends payable to other minority shareholders	94,424,689.75	48,377,222.54
	<u>172,358,689.75</u>	<u>126,311,222.54</u>

Other payables

	31 December 2020	31 December 2019 (Restated)
Payables for equipment	3,278,152,501.21	1,969,929,852.99
Payables for engineering and material	2,417,068,530.57	1,441,856,587.14
Payables for investment	1,060,000.00	22,060,000.00
Others	174,982,061.27	135,040,241.50
	<u>5,871,263,093.05</u>	<u>3,568,886,681.63</u>

11. Debentures payables

	31 December 2020	31 December 2019 (Restated)
Medium-term notes	3,000,000,000.00	2,000,000,000.00
Ping An-HECIC New-energy No. 1 Asset-backed Special Program	<u>285,000,000.00</u>	<u>285,000,000.00</u>
	3,285,000,000.00	2,285,000,000.00
Less : Debentures payables due within one year	<u>1,200,000,000.00</u>	—
	<u>2,085,000,000.00</u>	<u>2,285,000,000.00</u>

12. Long-term payables

	31 December 2020	31 December 2019 (Restated)
Retention	86,207,981.67	87,877,703.46
Sale-leaseback borrowings	<u>231,774,144.00</u>	<u>50,000,000.00</u>
	317,982,125.67	137,877,703.46
Less: Long-term payables due within one year	<u>113,818,180.70</u>	<u>25,052,921.67</u>
	<u>204,163,944.97</u>	<u>112,824,781.79</u>

13. Share capital

	31 December 2019 (Restated)	Increase or decrease in the year Issue new shares	31 December 2020
Hebei Construction & Investment Group Co., Ltd.	1,876,156,000.00	—	1,876,156,000.00
Overseas H-share listed foreign shareholders	1,839,004,396.00	—	1,839,004,396.00
Domestic A-share shareholders	<u>—</u>	134,750,000.00	<u>134,750,000.00</u>
	<u>3,715,160,396.00</u>	<u>134,750,000.00</u>	<u>3,849,910,396.00</u>

On 28 May 2020, the Company was approved by the CSRC (Doc ZJXX [2020] No. 1012) to make an initial public offering and listing on Shanghai Stock Exchange, issuing a total of 134,750,000.00 RMB-denominated ordinary shares (A shares) at the price of RMB 3.18 per share. Stocks (A shares); after deducting the cost of issue, the Company raised RMB 389,829,265.47. The nominal value of RMB 134,750,000.00 was included in the issued share capital, and the premium of RMB 255,079,265.47 was included in the capital reserve.

14. Other equity instruments

2020

	Balance at the beginning of the year	Increase for the year	Decrease for the year	Balance at the end of the year
Perpetual bond	<u>1,494,000,000.00</u>	<u>–</u>	<u>–</u>	<u>1,494,000,000.00</u>

2019 (Restated)

	Balance at the beginning of the year	Increase for the year	Decrease for the year	Balance at the end of the year
Perpetual	<u>587,640,000.00</u>	<u>906,360,000.00</u>	<u>–</u>	<u>1,494,000,000.00</u>

On 13 March 2018, the Company issued the first tranche of 2018 Renewable Green Corporate Bonds, in the aggregate offering amount of RMB590 million at a coupon rate of 5.96%, and after deducting the underwriting cost and other related trading costs, the Company received cash RMB 587,640,000.00. On 5 March 2019, the Company issued the first tranche of 2019 Renewable Green Corporate Bonds, in the aggregate offering amount of RMB910 million at a coupon rate of 4.70%, and after deducting the underwriting cost and other related trading costs, the Company received cash RMB 906,360,000.00.

According to the terms of issuance of the above two tranches of renewable green corporate bonds, the issuer has the option to renew the bonds, and the Company has the right to choose to extend the maturity of the bonds by three years at the end of every three years or to redeem the bonds in full at the end of that period; the annual interest rate is reset every three years, and the coupon rate of the subsequent cycle is the current benchmark interest rate plus the initial spread plus 300 basis points, and the initial spread is the coupon rate of the first cycle minus the initial benchmark interest rate. There is an option available to defer the payment of interests. Save for the occurrence of any mandatory interest payment events, on every interest payment date of the bonds, the Company may, at its sole discretion, defer the interest payment for the current period, and all the interests and yields deferred to the next interest payment date, and there is no limit on the number of times of deferring interest payment. There is a redemption option of the issuer. The issuer has the right to exercise the redemption option on the first interest payment date or at the end of the year due to changes in tax policies or changes in accounting standards. Except for these two cases, the Company has no right and no obligation to redeem the bonds. The Company has no contractual obligation to repay the principal or pay interest on schedule. The Company considers that the bill does not meet the definition of financial liabilities and recognizes the actual amount received after deducting the related transaction fees from the total amount issued as equity, and the declaration of interest payments is treated as profit distribution.

15. Other comprehensive income

The accumulated balance of other comprehensive income attributable to owners of the parent in the consolidated statement of financial position:

2020

	1 January 2020	Increase/(decrease)	31 December 2020
Change in fair value of other equity instrument investments	<u>6,493,135.00</u>	<u>-</u>	<u>6,493,135.00</u>

2019 (Restated)

	1 January 2019	Increase/(decrease)	31 December 2019
Change in fair value of other equity instrument investments	<u>6,493,135.00</u>	<u>-</u>	<u>6,493,135.00</u>

16. Undistributed profit

	2020	2019 (Restated)
Undistributed profit at the end of the previous year before adjustment	4,102,915,107.78	3,308,078,277.64
Add: Business combination involving enterprises under common control	(1,730,285.25)	(7,613,943.60)
Undistributed profit at the beginning of the year after adjustment	4,101,184,822.53	3,300,464,334.04
Net profit attributable to the shareholders of the parent company	1,510,555,357.16	1,420,669,278.97
Less: Extract for statutory surplus reserve	124,064,313.82	77,619,749.91
Ordinary shares dividend payable	481,238,799.50	464,395,040.57
Dividends payable to holders of other equity instruments	<u>77,934,000.00</u>	<u>77,934,000.00</u>
Undistributed profit at the end of the year	<u>4,928,503,066.37</u>	<u>4,101,184,822.53</u>

According to the resolution passed by the shareholders of the Company on 11 June 2019, it was agreed that the Company declared a cash dividend of RMB0.125 per share including tax for the year 2018, totaling RMB464,395,040.57.

According to the resolution passed by the shareholders of the Company on 13 October 2020, it was agreed that the Company declared a cash dividend of RMB0.125 per share including tax for the year 2019, totaling RMB481,238,799.50.

According to the prospectus of the first tranche of 2018 Renewable Green Corporate Bonds and the first tranche of 2019 Renewable Green Corporate Bonds of the Company, the Company declared a dividend to ordinary shareholders on 11 June 2019, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of the first tranche of 2018 Renewable Green Corporate Bonds was RMB 590,000,000.00 with an initial interest rate of 5.96% per annum and accrued interest of RMB35,164,000.00 for the current interest payment period (13 March 2020 to 12 March 2021) ; the principal of the first tranche of 2019 Renewable Green Corporate Bonds was RMB 910,000,000.00 with an initial interest rate of 4.70% per annum and accrued interest of RMB42,770,000.00 for the current interest payment period (6 March 2020 to 5 March 2021) .

According to the prospectus of the first tranche of 2018 Renewable Green Corporate Bonds and the first tranche of 2019 Renewable Green Corporate Bonds of the Company, the Company declared a dividend to ordinary shareholders on 11 June 2019, which triggered a mandatory interest payment and no current interest shall be deferred. The principal of the first tranche of 2018 Renewable Green Corporate Bonds was RMB 590,000,000.00 with an initial interest rate of 5.96% per annum and accrued interest of RMB35,164,000.00 for the current interest payment period (13 March 2019 to 12 March 2020) ; the principal of the first tranche of 2019 Renewable Green Corporate Bonds was RMB 910,000,000.00 with an initial interest rate of 4.70% per annum and accrued interest of RMB42,770,000.00 for the current interest payment period (6 March 2019 to 5 March 2020) .

17. Operating income and operating cost

Operating income is presented as follows:

	2020	2019 (Restated)
Principal operating income	12,482,272,445.21	11,961,275,244.53
Other operating income	<u>28,612,867.68</u>	<u>24,562,373.62</u>
	<u>12,510,885,312.89</u>	<u>11,985,837,618.15</u>

operating cost is presented as follows:

	2020	2019 (Restated)
Principal operating cost	9,093,941,097.57	8,637,511,196.53
Other operating cost	<u>6,703,484.52</u>	<u>6,303,318.93</u>
	<u>9,100,644,582.09</u>	<u>8,643,814,515.46</u>

The operating income by segments is listed as follows

	2020	2019 (Restated)
Natural gas sales revenue	7,827,098,737.36	7,774,237,548.76
Wind/photovoltaic power generation revenue	4,445,613,164.39	3,970,147,662.00
Connection and construction of gas pipeline net work revenue	155,538,880.76	143,603,064.59
Other main operating income	54,021,662.70	73,286,969.18
Other operating income	<u>28,612,867.68</u>	<u>24,562,373.62</u>
	<u>12,510,885,312.89</u>	<u>11,985,837,618.15</u>

2020

Revenue recognition time	Wind power	Natural gas	Total
Operating revenue generated by contracts with customers			
Transferred at a point in time	4,445,613,164.39	7,833,928,324.70	12,279,541,489.09
Rendered over time	7,177,024.05	206,209,619.84	213,386,643.89
	4,452,790,188.44	8,040,137,944.54	12,492,928,132.98
Rental income	15,426,407.49	2,530,772.42	17,957,179.91
	4,468,216,595.93	8,042,668,716.96	12,510,885,312.89

2019 (Restated)

Revenue recognition time	Wind power	Natural gas	Total
Operating revenue generated by contracts with customers			
Transferred at a point in time	3,970,147,662.00	7,775,766,337.62	11,745,913,999.62
Rendered over time	9,968,255.63	217,444,813.04	227,413,068.67
	3,980,115,917.63	7,993,211,150.66	11,973,327,068.29
Rental income	9,713,382.71	2,797,167.15	12,510,549.86
	3,989,829,300.34	7,996,008,317.81	11,985,837,618.15

The performance obligation of the electricity sales contract is completed when the power is supplied to the provincial power grid company where each electric field is located. The benchmark price part of the contract price will be recovered within 30 days after settlement. The renewable energy subsidy will be paid in batches from the renewable energy fund by the Ministry of Finance and there is no fixed collection period. There are no sales returns and variable consideration.

Natural gas sales contract usually requires advance receipts, and the performance obligation is completed when the natural gas enters the customer's natural gas pipeline through the grounding point. There are no sales returns and variable consideration.

Connection and construction of gas pipeline net work contract usually requires advance receipts. The performance obligations are completed over time and the provision of services. The remaining performance obligations are expected to be completed and revenue to be recognized within the next year.

18. Taxes and surcharges

	2020	2019 (Restated)
Urban maintenance construction tax	8,888,655.93	13,181,045.05
Educational surcharge	5,825,016.83	7,804,066.03
Local educational surcharges	3,864,466.90	5,200,355.24
Stamp duty	7,160,980.29	5,459,832.62
Property tax	3,106,964.77	2,881,288.82
Land use tax	4,038,114.80	3,892,918.92
Others	977,698.95	392,123.40
	<u>33,861,898.47</u>	<u>38,811,630.08</u>

19. Selling expenses

	2020	2019 (Restated)
Wages	1,291,541.01	–
Advertising and promotion fees	517,031.80	526,108.98
Others	176,754.76	36,511.03
	<u>1,985,327.57</u>	<u>562,620.01</u>

20. Administration expenses

	2020	2019 (Restated)
Wages	281,627,343.95	284,411,506.50
Depreciation of fixed assets	17,836,291.82	17,204,613.34
Vehicle, transportation and travelling expenses	13,618,805.86	20,184,207.86
Amortization of intangible assets	22,676,342.84	19,250,946.32
Rental fees	13,981,079.96	12,649,074.33
Depreciation of right of use assets	6,456,746.18	7,362,011.35
Business entertainment fees	7,590,687.05	6,976,213.89
Office expenses	17,157,426.81	20,570,060.28
Audit and evaluation consulting expense	29,067,331.24	19,552,932.42
Repair cost	63,418,888.40	88,492,466.17
Amortization of long-term prepaid expense	5,858,376.88	6,638,861.69
Others	48,823,163.94	51,722,568.72
	<u>528,112,484.93</u>	<u>555,015,462.87</u>

21. R&D expenses

	2020	2019 (Restated)
Labor costs	19,562,607.19	10,292,552.11
Outsourcing development fees	13,054,707.58	-
Others	3,800,269.43	-
	<u>36,417,584.20</u>	<u>10,292,552.11</u>

22. Finance costs

	2020	2019 (Restated)
Interest expense	1,279,257,192.99	1,100,892,750.37
Less : Interest income	17,976,867.30	16,967,792.25
Less : capitalized interest	354,000,999.57	222,752,000.17
Exchange (gain)/loss	(6,297,742.52)	1,865,527.28
Bank charges	2,013,835.07	1,215,014.05
Others	9,726,802.72	7,405,854.92
	<u>912,722,221.39</u>	<u>871,659,354.20</u>

23. Other income

	2020	2019 (Restated)
Government grants related daily operational activities		
VAT refund	69,529,438.26	91,148,442.38
Fiscal appropriation	3,786,274.58	3,920,814.82
Operating subsidy	952,380.95	892,342.26
Others	256,394.06	18,282.84
	<u>74,524,487.85</u>	<u>95,979,882.30</u>

24. Investment income

	2020	2019 (Restated)
Long-term equity investment income accounted for under the equity method	254,015,712.80	214,982,681.24
The investment gain obtained during the holding period of the entrusted loan investment	274,873.47	510,678.65
Dividend income on other equity instrument investments held	12,196,612.18	6,849,570.68
Derecognition gains on financial assets measured at amortized cost	<u>(62,600.00)</u>	<u>—</u>
	<u>266,424,598.45</u>	<u>222,342,930.57</u>

25. Credit Impairment reversals/(losses)

	2020	2019 (Restated)
Bad debt reversal/(loss)	<u>69,900,742.39</u>	<u>(35,101,736.94)</u>

26. Asset impairment losses

	2020	2019 (Restated)
Impairment of fixed assets	(35,000,000.00)	—
Impairment of construction in progress	<u>(20,773,051.65)</u>	<u>(7,074,784.53)</u>
	<u>(55,773,051.65)</u>	<u>(7,074,784.53)</u>

27. Asset disposal gains

	2020	2019 (Restated)
Fixed asset disposal gains	<u>260,932.94</u>	<u>383,664.45</u>

28. Non-operating income

	2020	2019 (Restated)
Gain on scrapping of fixed assets	120,358.47	13,910.63
Governmental grants not related to daily operational activities	7,087,202.36	1,125,417.84
Resale income of carbon emission allowances	2,672,171.14	252,022.63
Net gain from penalties	376,500.00	432,470.93
Unpayable amounts	349,365.18	2,797,073.43
Others	2,494,253.73	45,611,628.11
	<u>13,099,850.88</u>	<u>50,232,523.57</u>

29. Non-operating expenses

	2020	2019 (Restated)
Loss on scrapping of fixed assets	743,573.55	329,233.48
Expenses on compensation, and penalties	152,614.50	186,818.23
Expenses on donation	257,952.00	457,200.00
Other expenses	408,320.86	829,067.70
	<u>1,562,460.91</u>	<u>1,802,319.41</u>

30. Income tax expenses

Corporate income tax

According to Article 27 of the Corporate Income Tax Law of the PRC, enterprises engaged in the investment in and operation of public infrastructure projects supported by the state may be exempted or enjoy reduced enterprise income tax. Starting from the tax year in which the project obtains the first production and operation income, the corporate income tax will be exempt from the first to the third year, and the corporate income tax will be reduced by half from the fourth to the sixth year. The consolidated wind power generation and photovoltaic power generation subsidiaries of the Company meet the requirements of the Catalogue of Public Infrastructure Projects Entitled to Preferential Tax Treatment.

It is levied at 25% on the taxable profit, except for certain subsidiaries established in Mainland China which enjoy tax preferences and those subsidiaries incorporated outside Mainland China which are subject to local income tax regulations.

Each of the Company and its subsidiaries calculates and pays EIT as a legal entity at the location where it is registered.

All the overseas subsidiaries of the Company (including Hong Kong Special Administrative Region and Macau Special Administrative Region of the PRC) should calculate and pay taxes as per the applicable categories of tax and tax rate required by local tax laws.

	2020	2019 (Restated)
Current income tax expense	308,175,174.96	334,578,671.63
Deferred income tax expense	<u>23,109,485.65</u>	<u>21,728,087.61</u>
	<u>331,284,660.61</u>	<u>356,306,759.24</u>

The reconciliation between income tax expenses and Profit is listed as below:

	2020	2019 (Restated)
Total profit	2,264,016,314.19	2,190,641,643.43
Income tax expenses calculated at applicable tax rates	566,004,078.55	547,660,410.86
Impact of different tax rates applicable to certain subsidiaries	(246,542,016.01)	(195,634,288.05)
Income attributable to joint ventures and associates	(63,503,928.20)	(53,745,670.31)
Non-taxable income	(3,168,187.61)	(1,712,392.67)
Expenses not deductible for tax purposes	8,059,405.71	4,802,173.94
Utilization of deductible losses from prior years	(8,967,295.86)	(7,783,525.56)
Unrecognized deductible losses	67,168,406.54	58,476,710.91
Effect of unrecognized deductible temporary difference	<u>12,234,197.49</u>	<u>4,243,340.12</u>
Tax expense at the Group's effective tax rate	<u>331,284,660.61</u>	<u>356,306,759.24</u>

The PRC income tax of the Group is calculated based on the estimated taxable income gained in the PRC and applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax rate according to existing laws, interpretations and practices of the jurisdiction in which the Group operates.

31. Dividends

As audited, the Company recorded the net profit attributable to shareholders of parent of RMB1,510.5554 million in 2020. The profit distribution plan for 2020 is as follows: the Company proposes to distribute a cash dividend of RMB1.36 (tax inclusive) for every 10 shares to all shareholders, and calculated based on the total number of issued shares of the Company as at 31 December 2020, being 3,849,910,396 shares, the total cash dividend to be distributed will amount to RMB523.5878 million.

At the first extraordinary general meeting in 2020 held on 13 October 2020, the shareholders of the Company approved an annual dividend of RMB0.125 per share for the year ended 31 December 2019, amounting to RMB481,238,799.50, which was fully settled in November 2020.

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of profit earned in 2008 and beyond. In respect of all shareholders whose names appear on the Company's register of members who are not individuals, which are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting enterprise income tax of 10%.

Due to the repeal of the Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (Guoshuifa 1993 No. 45) (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知(國稅發[1993]45號)) from 4 January 2011, the Company is required under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementing rules and regulations to withhold and pay individual income tax ranging from 10% to 20% when it distributes dividends to its non-PRC resident individual shareholders out of profit earned in 2010 and beyond.

32. Earnings Per Share

The basic Earnings Per Share is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of basic Earnings Per Share is detailed as follows:

	2020	2019 (Restated)
Net profit of the current period attributable to ordinary shareholders of the Company	1,510,555,357.16	1,420,669,278.97
Less: Distribution related to the first tranche of perpetual bonds in 2018	35,164,000.00	35,164,000.00
Less: Distribution related to the first tranche of perpetual bonds in 2019	42,770,000.00	35,760,472.22
	<u>1,432,621,357.16</u>	<u>1,349,744,806.75</u>
Shares		
Weighted average number of ordinary shares in issue during the period	3,782,535,396.00	3,715,160,396.00
Basic earnings per share(RMB/share)	0.38	0.36
Diluted earnings per share(RMB/share)	0.38	0.36

The Group has no dilutive potential ordinary shares.

V. EVENTS AFTER THE BALANCE SHEET DATE

The Company completed the issuance of the first tranche of 2021 renewable green corporate bonds on 10 March 2021. The actual issuance size is RMB1.04 billion with each term being 3 interest accruing years. At the end of each term, the Company has the right to choose to extend the term of the bonds for a term or to choose to pay the bonds in full at maturity at the end of the term. The Company shall publish an announcement of the exercise of the renewal option in the relevant media at least 30 business days before the interest payment date of the year in which the renewal option is exercised. The nominal value per unit of the bond is RMB100 and the coupon rate is 5.15%. Interest shall be calculated from 10 March 2021.

On 8 February 2021, the Company held the first extraordinary general meeting in 2021, the first A Shareholders class meeting in 2021, and the first H Shareholders class meeting in 2021 to consider Resolution on the satisfaction of the criteria for the Non-public Issuance of A Shares by the Company and Resolution on the Issuance Plan for the Non-public Issuance of A Shares by the Company and other resolutions and the result of the consideration was that the A shareholders did not approve the resolution of the non-public issuance of A shares by the Company.

On 5 March 2021, the Company held the twenty-first extraordinary meeting of the fourth board of directors, and reviewed and approved the revised resolutions on the Non-public Issuance of A Shares again, and notified that the second extraordinary general meeting in 2021, the second A Shareholders class meeting in 2021, and the second H Shareholders class meeting in 2021 will be held on 23 April 2021 to consider the resolutions again.

VI. OTHER SIGNIFICANT EVENTS

1. Lease

As lessee

	2020	2019 (Restated)
Interest expense on lease liabilities	47,268,752.11	38,000,919.18
Expenses relating to short-term leases and leases of low-value assets accounted for applying the simplified approach	13,981,079.96	12,649,074.33
Total cash flow for leases	351,241,225.12	226,534,153.05

The Group leases various land, wind turbines and related equipment, buildings and vehicles for daily use. Right-of-use assets are depreciated on a straight-line basis.

As lessor

Operating leases: The Group had minimum lease receivables under non-cancellable leases with its tenants falling due as follows:

	31 December 2020	31 December 2019 (Restated)
Within 1 year	532,440.00	1,981,830.47
Over 1 year	2,129,760.00	109,740.00
	<u>2,662,200.00</u>	<u>2,091,570.47</u>

2. Segment reporting

Operating segments

For management purposes, the Group is organised into business units based on their products and services and has 3 reportable operating segments as follows:

- (1) The natural gas segment mainly provides the sale of natural gas and natural gas appliances and the provision of services for the construction and connection of natural gas pipelines.
- (2) The wind power and solar energy segment is mainly engaged in the development, management and operation of wind farms, solar power plants and the sale of electricity to external grid companies.
- (3) Other segments are mainly engaged in management and property leasing business, etc.

Management monitors the results of operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reported segment profit after tax, which is a measure of adjusted total profits.

The transfer price among segments is determined with reference to the price used for selling to or providing labor services for third parties.

2020

	Natural gas	Wind and photovoltaic power generation	Others	Total
Revenue from external customers	<u>8,042,668,716.96</u>	<u>4,463,439,586.01</u>	<u>4,777,009.92</u>	<u>12,510,885,312.89</u>
Investment income from joint ventures and associates	182,318,009.36	62,356,952.42	9,340,751.02	254,015,712.80
Credit impairment losses	(89,789,554.62)	19,020,745.08	868,067.15	(69,900,742.39)
Asset impairment losses	35,000,000.00	20,626,615.57	146,436.08	55,773,051.65
Depreciation and amortisation expense	192,031,868.51	1,390,939,678.80	6,422,276.84	1,589,393,824.15
Total profit/(loss)	657,286,852.70	1,708,683,887.68	(101,954,426.19)	2,264,016,314.19
Income tax expenses:	141,681,478.29	189,410,866.42	192,315.90	331,284,660.61
Total assets	<u>11,807,485,241.55</u>	<u>44,025,019,525.11</u>	<u>1,425,209,781.75</u>	<u>57,257,714,548.41</u>
Total liabilities	<u>7,857,244,980.17</u>	<u>27,613,122,906.19</u>	<u>5,091,857,564.64</u>	<u>40,562,225,451.00</u>
Other disclosures				
Non-cash expenses other than depreciation and amortization expenses	<u>(54,789,554.62)</u>	<u>39,647,360.65</u>	<u>1,014,503.23</u>	<u>(14,127,690.74)</u>
Capital expenditure <i>(Note)</i>	<u>4,270,009,014.04</u>	<u>7,124,245,191.90</u>	<u>3,601,736.40</u>	<u>11,397,855,942.34</u>

2019 (Restated)

	Natural gas	Wind and photovoltaic power generation	Others	Total
Revenue from external customer	<u>7,996,008,317.81</u>	<u>3,985,491,783.04</u>	<u>4,337,517.30</u>	<u>11,985,837,618.15</u>
Investment income from joint ventures and associates	166,852,770.23	39,561,677.65	8,568,233.36	214,982,681.24
Credit impairment losses	(24,314,419.82)	59,021,939.76	394,217.00	35,101,736.94
Asset impairment losses	6,988,135.40	86,649.13	–	7,074,784.53
Depreciation and amortisation expense	150,519,183.13	1,239,730,170.75	5,417,870.86	1,395,667,224.74
Total profit/(loss)	772,187,431.80	1,503,557,226.20	(85,103,014.57)	2,190,641,643.43
Income tax expenses:	169,718,475.98	186,527,838.46	60,444.80	356,306,759.24
Total assets	<u>7,536,961,638.71</u>	<u>37,699,560,950.37</u>	<u>811,154,410.93</u>	<u>46,047,677,000.01</u>
Total liabilities	<u>4,153,354,615.69</u>	<u>26,266,796,226.30</u>	<u>836,800,047.39</u>	<u>31,256,950,889.38</u>
Other disclosures				
Non-cash expenses other than depreciation and amortization expenses	<u>(17,326,284.42)</u>	<u>59,108,588.89</u>	<u>394,217.00</u>	<u>42,176,521.47</u>
Capital expenditure *	<u>841,352,432.32</u>	<u>5,786,893,762.16</u>	<u>9,580,820.21</u>	<u>6,637,827,014.69</u>

Note: Capital expenditures include the increase in investment property, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditures and long-term deferred expenses this year.

More than 90% of the Group's revenue is derived from North China, which is managed in a unified and centralized manner by the management. Therefore, the Group has only one regional segment.

Geographical information

Revenue from external customer

	2020	2019 (Restated)
Mainland China	<u>12,510,885,312.89</u>	<u>11,985,837,618.15</u>

Revenue from external customer are attributable to the geographic locations where the customers are located, and all of which are located in Mainland China.

Total non-current assets

	31 December 2020	31 December 2019 (Restated)
China (excluding Hong Kong, Macao and Taiwan regions)	45,751,267,619.03	35,948,554,863.08
Other countries and regions	<u>2,368,833.55</u>	<u>2,916,635.23</u>
	<u>45,753,636,452.58</u>	<u>35,951,471,498.31</u>

The non-current assets information above is based on the locations of the assets and excludes financial assets, long-term equity investment and deferred tax assets.

Major customer information

In 2020, operating income (income generated at or exceeding 10% of the Group's income) is RMB 2,682,191,700.26, which comes from income to a single customer (including all entities known to be under the control of the customer).

In 2019, operating income (income generated at or exceeding 10% of the Group's income) is RMB 2,474,365,743.80, which comes from income to a single customer (including all entities known to be under the control of the customer).