龍 源 電 力 集 團 股 份 有 限 公 司
China Longyuan Power Group Corporation Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 00916

2019 ANNUAL REPORT

* For Identification Purpose Only


龙源电力
龙源电力

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

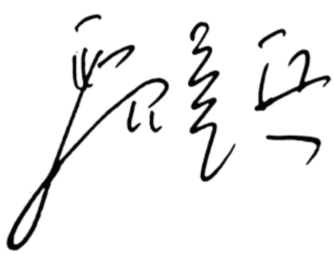
The year 2019, which marked the 70th anniversary of the founding of the People's Republic of China, was a crucial year for the country to achieve the first Centenary Goal of building a moderately prosperous society in all respects. We fully implemented the new energy security strategy featuring "Four Revolutions, One Cooperation (四個革命、一個合作)", upheld and strengthened the leadership of the Party and made a good start for building a world-class new energy company with global competitiveness. In 2019, as an important part of the new energy division of CHN Energy, Longyuan Power, under the leadership of the Board, put into action the "One Goal, Three Orientations, Five Guidelines and Seven World-class Competitiveness (一個目標、三型五化、七個一流)" development strategy, maintained the stable development and steady advancement for production and operation safety and well achieved the goals and completed the tasks set at the beginning of the year.

In 2019, the global economic growth continued to slow down, and the growth rate of domestic energy consumption decreased significantly. In the complex and changeable internal and external situation, Longyuan Power has constantly enhanced the "awareness of opportunity, development, risk and reform", and has always given top priority to promoting high-quality and sustainable development. The Group formed a favourable atmosphere of seizing opportunities and accelerating development and has made solid progress in its pursuit of high-quality development. It has made breakthroughs in strengthening cooperation, early-stage development, projects construction, overseas development, with development layout continuing to be optimized. The Group set a new high record during the "Thirteenth Five-Year Plan (十三五)" by adding resource reserves of 13.60 GW throughout the year. The new wind power projects with installed capacity of 1,113 MW were put into production. The consolidated installed capacity of wind power reached 20,000 MW, maintaining the leading position among global wind power operators.

CHAIRMAN'S STATEMENT

In 2019, China continued to promote and deepen reform in all areas. CHN Energy started to construct the world-class model enterprises. Under the new situation and to cope with the new tasks of reform and development, Longyuan Power deepened its system and mechanism reforms, and continued to improve refined management. The Group initially referred to other domestic and foreign outstanding enterprises and formulated a world-class enterprise construction plan. It optimized and adjusted the organisation structure, and enhanced the study of policies, strategies and technologies and the information-based construction. The governance of equipment was carried out in a centralized manner, and the quality of equipment operation was effectively improved. Increased investment was put into environmental protection, which laid a solid foundation for sustainable development. Wind power generated in the year amounted to 40,732 million kWh, representing a year-on-year increase of 1,190 million kWh. The Company recorded a profit before taxation of RMB6,450 million, representing a year-on-year increase of 9.4%. Net profit attributable to equity holders of the Company amounted to RMB4,567 million, representing a year-on-year increase of 9.6%.

The year 2020 will witness the end of China's efforts to build a moderately prosperous society in all respects and the end of the "Thirteenth Five-Year Plan". Longyuan Power, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, will adhere to the great call of "Hard Work Making Socialism Realized (社會主義是干出來)". We will strengthen strategic coordination and planning guidance, adhere to innovation-driven strategy and promote internal reform. We are determined to build an intrinsically safe and environment-friendly enterprise and continue to create a new situation of construction of the world-class new energy companies with global competitiveness, thereby making greater contribution to building a beautiful China.



Chairman of the Board

Jia Yanbing

PRESIDENT'S STATEMENT

Dear Shareholders,

"Four Revolutions, One Cooperation (四個革命、一個合作)" new energy security strategy put forth by President Xi Jinping, articulate the directions for the high quality and sustainable development of the country's energy industry and had great guiding significance for changing the energy development model and seizing the opportunities for energy development. Currently, a new round of energy revolution featuring large-scale development of clean energy is booming, and the pace of green and low-carbon transformation is accelerating. China's new energy has gradually changed from auxiliary energy to alternative energy and main incremental energy. Affected by factors such as continued improvement in consumption conditions, technological progress and cost reduction, the growth momentum of new energy sources during the "Fourteenth Five-Year Plan (十四五)" period is still strong, and the prospects for new energy development in the future are still broad.

The year 2019 was a year full of challenges, and also a year when the Group's various work achieved outstanding results. Under the leadership of the Board, the Group earnestly implemented the guidelines adopted at the working meetings held at the beginning and in the middle of the year, adhered to the underlying principle of pursuing progress while ensuring stability, put into practice the new development philosophy, thus maintaining a good momentum of business development.

PRODUCTION SAFETY REMAINING GENERALLY STABLE

In 2019, the Group fully implemented activities required by the "Year of Responsibility Implementation", improved the accountability system for safety and environmental protection, and established a list of top-down safety production responsibilities. We implemented the "Activity Program for Key Anti-accident Measures" to enhance the ability to prevent accidents. More than 70 safety trainings and over 100 safety emergency drills were held, which enhanced the safety management ability of the on-site personnel. The Group was awarded as the "Advanced Unit for Safety and Environmental Protection (安全環保先進單位) "for 2019 by CHN Energy.

RESULTS OF OPERATIONS STEADILY IMPROVED

In 2019, the Group adhered to the development requirements of "Taking Quality as the Top Mission, Keeping Efficiency as the Priority (質量第一、效益優先)" and pursued an active management strategy to continuously improve the profitability of our enterprise. On a consolidated basis, the Group's operating revenue for the year amounted to RMB27,541 million, representing a year-on-year increase of 4.4%; net profit attributable to equity holders of the Company amounted to RMB4,567 million, representing a year-on-year increase of 9.6%; and the earnings per share amounted to RMB53.82 cents. As at the end of 2019, the Group's total assets and net assets amounted to RMB156,803 million and RMB60,655 million, respectively, with a net gearing ratio of 55.54%.

OUTSTANDING EQUIPMENT MANAGEMENT RESULTS

In 2019, the Group implemented in-depth refined management. We carried out the "Year of Equipment Renovation" activities to centralize equipment management, achieving outstanding results. We invested special funds, increased technical reform and technical breakthrough efforts, the equipment operation quality improved comprehensively. Aggregate wind power generated in the year amounted to 40,732 million kWh, representing a year-on-year increase of 3.0%, and the utilisation hours of wind power reached 2,189 hours, 107 hours higher than the industry average.

DEVELOPMENT LAYOUT FURTHER OPTIMISED

In 2019, the Group enhanced the strategic guidance and formulated "14th Five-Year" Plan, the large base planning report, 3-year action plan on offshore wind power and other instructive documents with a scientific approach to optimize the development layout. We expanded cooperation channels and strengthened high-quality resources. The resource reserves newly added for the year was 13.60 GW. 1,470 MW of wind power of was approved; 324 MW of photovoltaic power was filed; and 1,113 MW of winder power was put into production. New progress was made in overseas businesses. The equity transfer of the Yuzhne 76.5 MW wind power project in Ukraine has been completed and will start construction in the near future. The Teplo 90 MW photovoltaic power project in Ukraine has been approved to launch. As at the end of 2019, the consolidated installed capacity of the Group was 22,157 MW, of which the consolidated installed capacity of wind power was 20,032 MW, maintaining the leading position in the industry.

SCIENTIFIC AND TECHNOLOGICAL INNOVATION CONSTANTLY STRENGTHENED

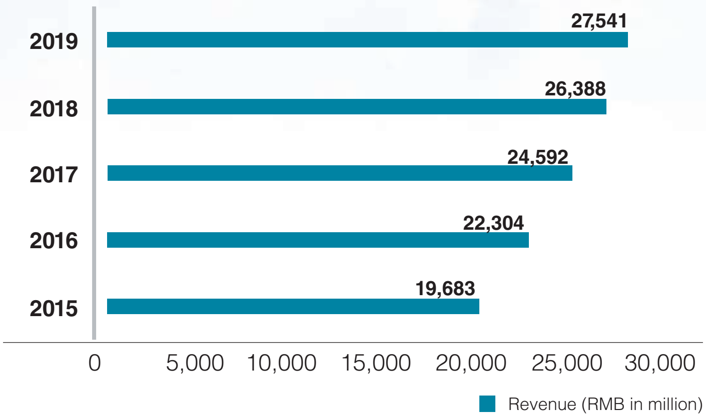
In 2019, the Group actively integrated its scientific and technological strength, made efforts to promote research and development of key technologies and transformation and application of scientific and technological achievements, we won 5 provincial-level and ministry-level science and technology progress awards throughout the year, 4 industry science and technology progress awards; 40 new patents and 12 software copyrights were granted. We steadily promoted informatization and intellectualization construction, completed the compilation of standards for the informatization of wind farms, and defined the feasibility research and design standards of new wind farm informatization; we built the intelligent production management system of the Company, carried out the pilot construction of intelligent wind farms, Longhu Wind Farm of Anhui is listed as the CHN Energy intelligent wind farm construction model pilot.

We would like to express our sincere gratitude to our shareholders for their strong support. Looking forward to the new year, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will adhere to the underlying principle of pursuing progress while ensuring stability and the new development philosophy, strengthen the high-quality and sustainable development, and thoroughly put into action the overall strategy of "One Goal, Three Types, Five Variations and Seven First-classes". We will speed up to develop our Company into a world-class new energy company, make contribution to promoting the sustained and healthy development of green energy in China, and repay the society and shareholders with better performance.

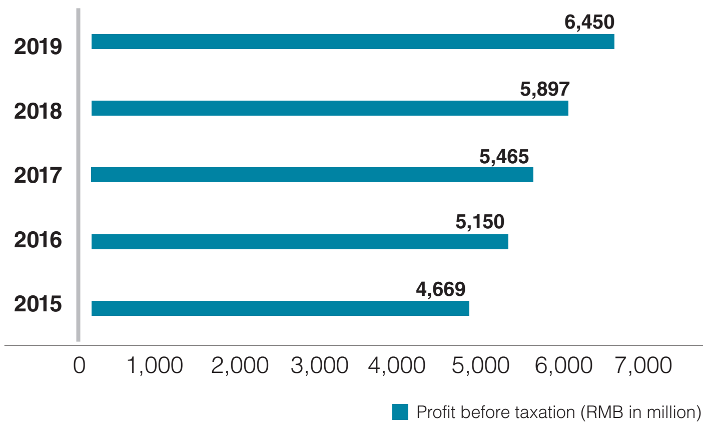
President
Sun Jinbiao

KEY OPERATING AND FINANCIAL DATA

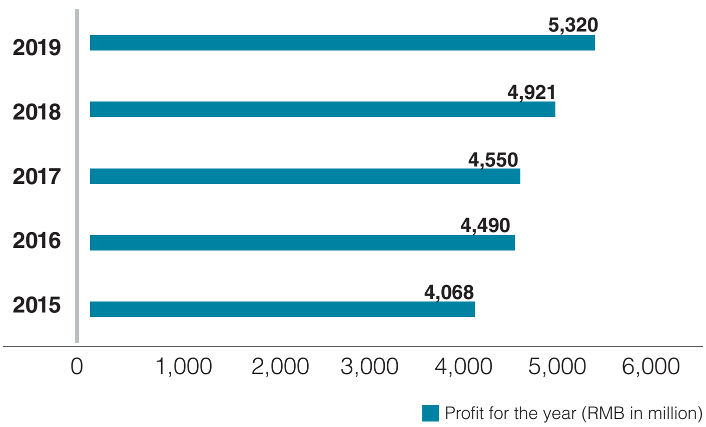
1. Revenue



2. Profit before taxation

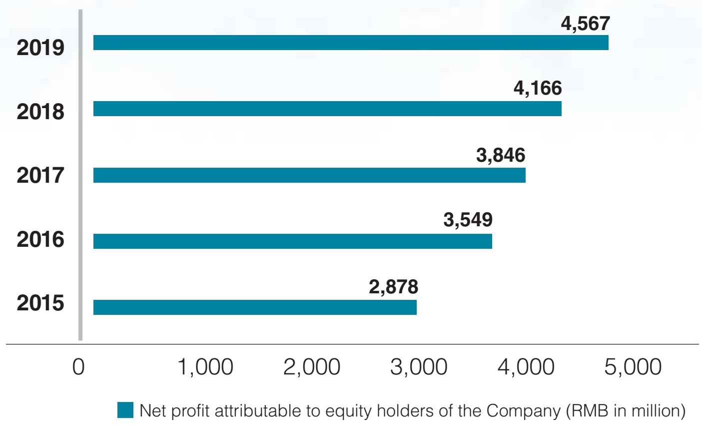


3. Profit for the year

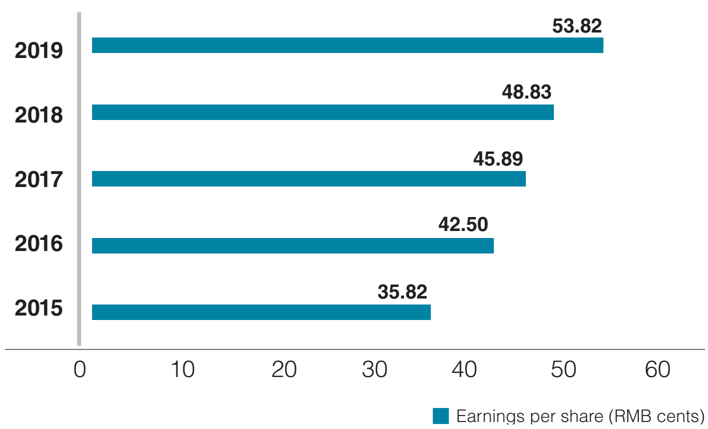


KEY OPERATING AND FINANCIAL DATA

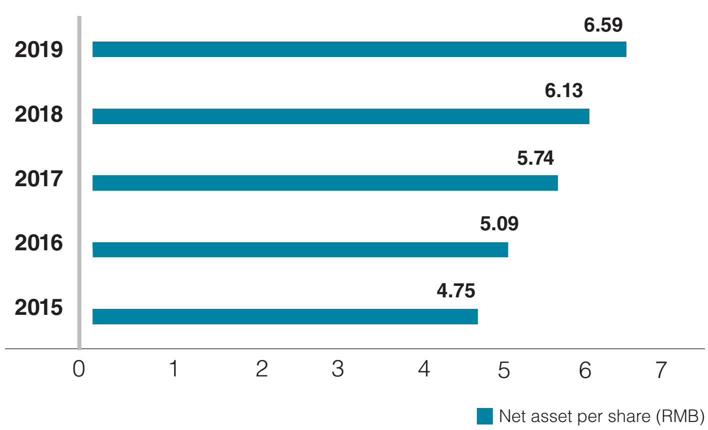
4. Net profit attributable to equity holders of the Company



5. Earnings per share

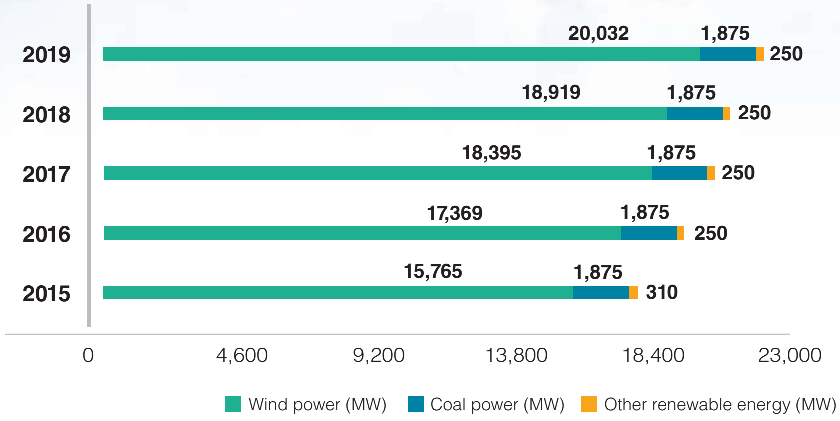


6. Net asset per share

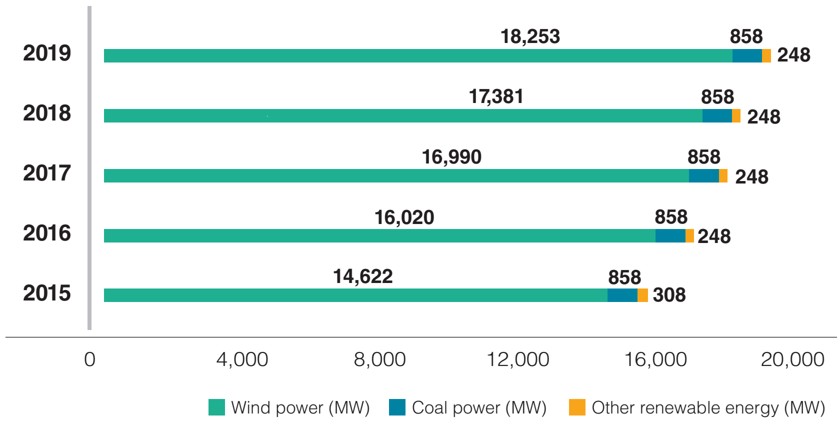


KEY OPERATING AND FINANCIAL DATA

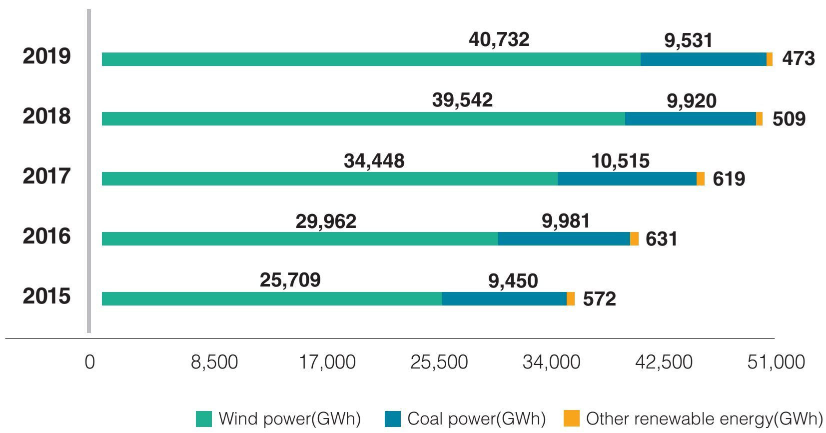
7. Consolidated installed capacity



8. Attributable installed capacity

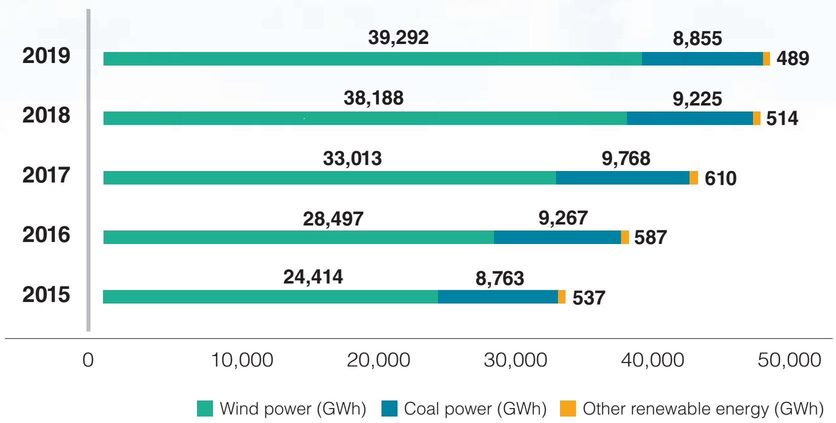


9. Electricity output

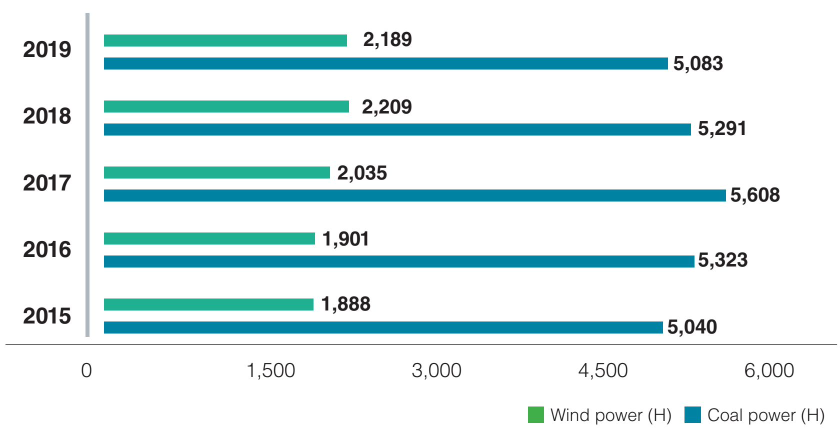


KEY OPERATING AND FINANCIAL DATA

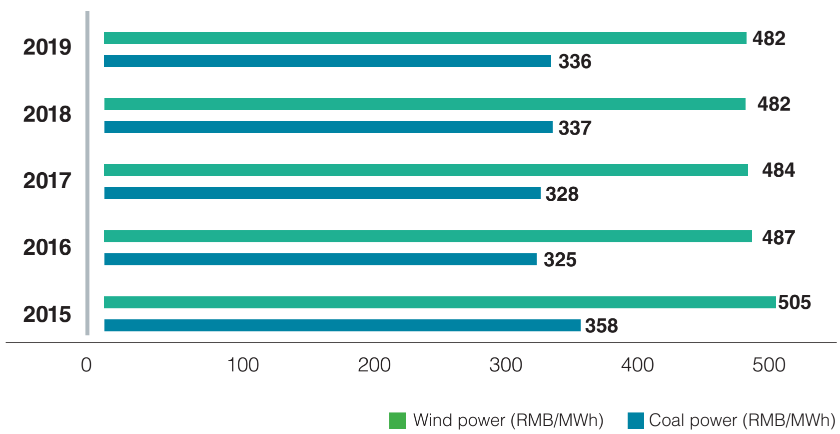
10. Electricity sales



11. Utilisation hours



12. Tariffs (excluding VAT)



KEY OPERATING AND FINANCIAL DATA

	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	**2019** ***RMB'000***
Revenue	19,683,064	22,304,055	24,591,616	26,387,923	**27,540,630**
Profit before taxation	4,668,567	5,149,903	5,465,390	5,896,836	**6,450,456**
Income tax	(600,952)	(660,182)	(915,692)	(975,616)	**(1,130,758)**
Profit for the year	4,067,615	4,489,721	4,549,698	4,921,220	**5,319,698**
Attributable to:					
Equity holders of the Company	2,878,277	3,548,578	3,845,990	4,165,809	**4,566,790**
Non-controlling interests	1,189,338	941,143	703,708	755,411	**752,908**
Total comprehensive income for the year	3,834,864	4,460,041	4,783,980	4,622,561	**5,455,679**
Attributable to:					
Equity holders of the Company	2,537,669	3,481,342	4,069,314	3,886,575	**4,713,367**
Non-controlling interests	1,297,195	978,699	714,666	735,986	**742,312**
Basic and diluted earnings per share *(RMB cents)*	35.82	42.50	45.89	48.83	**53.82**

KEY OPERATING AND FINANCIAL DATA

	2015 *RMB'000*	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	**2019** ***RMB'000***
Total non-current assets	121,163,674	125,328,117	128,512,863	128,718,285	**133,773,499**
Total current assets	12,703,603	13,332,576	17,122,177	17,786,051	**23,029,184**
TOTAL ASSETS	133,867,277	138,660,693	145,635,040	146,504,336	**156,802,683**
Total current liabilities	56,000,117	55,807,408	47,159,418	39,780,268	**43,537,841**
Total non-current liabilities	33,292,845	35,067,034	45,176,340	50,158,275	**52,609,770**
TOTAL LIABILITIES	89,292,962	90,874,442	92,335,758	89,938,543	**96,147,611**
NET ASSETS	44,574,315	47,786,251	53,299,282	56,565,793	**60,655,072**
Total equity attributable to the equity holders of the Company	38,135,798	40,889,777	46,125,851	49,236,430	**52,922,642**
Non-controlling interests	6,438,517	6,896,474	7,173,431	7,329,363	**7,732,430**
TOTAL EQUITY	44,574,315	47,786,251	53,299,282	56,565,793	**60,655,072**
NET ASSETS PER SHARE *(RMB)*	4.75	5.09	5.74	6.13	**6.59**

CORPORATE PROFILE

Founded in 1993, Longyuan Power was originally affiliated to the National Energy Administration of the PRC and became an affiliated corporation of former Ministry of Power Industry, former State Power Corporation and China Guodian Corporation successively. It is currently affiliated to China Energy Investment Corporation and a pioneer specialised in wind power development in the PRC. In 2009, the Group was successfully listed on the Main Board of the Hong Kong Stock Exchange, which made it known as the "First Listed New Energy Company in the PRC". Currently, Longyuan Power has developed into a large-scale power generation conglomerate focusing on new energy. It possesses over 300 wind farms as well as PV, biomass, tidal, geothermal and coal power generation projects, distributed in 32 provinces and municipalities of the PRC and other countries such as Canada and South Africa.

As at the end of 2019, the consolidated installed capacity of the Group was 22,157 MW, of which the consolidated installed capacity of wind power was 20,032 MW, maintaining the position of the Company as the leading wind power operator in the world. Due to its sound operation performance, the Company was successively awarded as the "National Civilized Unit (全國文明單位)", the "Environmental Protection New Energy Enterprise Award (環保新能源企業大獎)" of the 2013–2014 Hong Kong stock market rankings of enterprises in Mainland China, the "Best Corporate Governance Listed Company (最佳公司治理上市公司)", the "13th Five-Year Plan Listed Company with Most Investment Value ('十三五'最具投資價值上市公司)", the "Listed Company with Most Brand Value (最具品牌價值上市公司)" and the "Best Listed Company" (最佳上市公司) and other awards. It has been rated as one of the "Global New Energy Top 500" (全球新能源500強) enterprises for seven consecutive years and won the "National Labor Day Certificate (全國五一勞動獎狀)" awarded by the All-China Federation of Trade Unions (中華全國總工會) to enterprises and institutions.

CORPORATE PROFILE

CORPORATE STRUCTURE

Hero Asia (BVI) Company Limited

100%

100% Hero Asia (Penglai City) New Energy Co., Ltd.

100%	Longyuan (Bayannur) Wind Power Generation Co., Ltd.	246.90 MW
100%	Longyuan (Baotou) Wind Power Generation Co., Ltd.	201.00 MW
100%	Longyuan (Siziwang) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Damao Wind Power Generation Co., Ltd.	300.70 MW
100%	Longyuan (Wulatehou Banner) Wind Power Generation Co., Ltd.	99.00 MW
100%	Guodian Wuchuan Hongshan Wind Power Co., Ltd.	49.50 MW
100%	Longyuan Xinghe Wind Power Generation Co., Ltd.	99.50 MW
100%	Inner Mongolia Longyuan New Energy Development Co., Ltd.	198.00 MW
34%	Chifeng Xinsheng Wind Power Generation Co., Ltd.	150.00 MW
97.01%	Chifeng Longyuan Wind Power Generation Co., Ltd.	148.00 MW
100%	Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd.	945.20 MW
100%	Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan (Keyouqian Banner) Wind Power Generation Co., Ltd.	49.50 MW
100%	Inner Mongolia Longyuan Mengdong Wind Power Generation Co., Ltd.	
61.71%	Yichun Xing'anling Wind Power Generation Co., Ltd.	112.30 MW
40%	Yichun Longyuan Wind Power Generation Co., Ltd.	49.30 MW

40%	Huanan Longyuan Wind Power Generation Co., Ltd.	139.60 MW
100%	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.	99.00 MW
51%	Hailin Longyuan Wind Power Generation Co., Ltd.	20.40 MW
100%	Fuyuan Longyuan Wind Power Generation Co., Ltd.	31.50 MW
92%	Yilan Longyuan Huineng Wind Power Generation Co., Ltd.	98.60 MW
95%	Hegang Longyuan Wind Power Generation Co., Ltd.	49.30 MW
100%	Shuangyashan Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Harbin Longyuan Wind Power Generation Co., Ltd	
70%	Hailin Chenguang Wind Power Generation Co., Ltd.	
80%	Tonghe Longyuan Wind Power Generation Co., Ltd.	48.30 MW
100%	Heilongjiang Longyuan New Energy Development Co., Ltd.	536.90 MW
100%	Wudalianchi Longyuan New Energy Co., Ltd.	
100%	Tieli Longyuan New Energy Co., Ltd.	
66.23%	Jilin Longyuan Wind Power Generation Co., Ltd.	200.60 MW
100%	Longyuan (Changling) Wind Power Generation Co., Ltd.	99.00 MW
100%	Tongyu Xingfa Wind Power Generation Co., Ltd.	49.50 MW

100%	Yanbian Longyuan Wind Power Generation Co., Ltd.	50.00 MW
100%	Longyuan (Nong'an) Wind Power Generation Co., Ltd.	99.00 MW
88%	Jilin Dongfeng Longxin Power Generation Co., Ltd.	
98.60%	Shenyang Longyuan Wind Power Generation Co., Ltd.	141.30 MW
100%	Tieling Longyuan Wind Power Generation Co., Ltd.	98.60 MW
100%	Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.	148.50 MW
100%	Longyuan Fuxin Wind Power Generation Co., Ltd.	
100%	Liaoning Longyuan New Energy Development Co., Ltd.	614.80 MW
50%	Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd.	99.00 MW
55%	Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd.	148.50 MW
100%	Hebei Longyuan Wind Power Generation Co., Ltd.	398.10 MW
70%	Hebei Longyuan Zhongbao Wind Power Generation Co., Ltd.	300.00 MW
100%	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	425.50 MW
100%	Longyuan (Zhangbei) Wind Power Generation Co., Ltd.	99.00 MW
77.11%	Gansu Jieyuan Wind Power Generation Co., Ltd.	340.30 MW
54.54%	Gansu Xin'an Wind Power Generation Co., Ltd.	99.00 MW

Major Subsidiaries:

Wind power business | Coal power business | Other new energy business | Other enterprises

CORPORATE PROFILE

Shareholders of the Company

Shareholder	Shareholding
Guodian Northeast Electric Power Co., Ltd.	1.17%
CHN Energy	57.27%
H Shareholders	41.56%

龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited

The Company

Hero Asia Investment Limited

100%

Company	Capacity	Shareholding
Longyuan Power Overseas Investment Co., Ltd.		100%
Longyuan Canada Renewables Ltd.	99.10 MW	100%
Longyuan South Africa Renewables (Pty) Ltd.	244.50 MW	100%
Ukraine Yuzhe Energy Co., Ltd.		100%

Company	Capacity	Shareholding
Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	550.50 MW	100%
Gansu Longyuan Wind Power Generation Co., Ltd.	300.00 MW	100%
Xinjiang Tianfeng Power Generation Joint Stock Company	249.30 MW	59.53%
Xinjiang Longyuan Wind Power Generation Co., Ltd.	247.50 MW	100%
Longyuan Balikun Wind Power Generation Co., Ltd.	398.00 MW	100%
Longyuan Hami New Energy Co., Ltd.	201.00 MW	100%
Longyuan Alashankou Wind Power Generation Co., Ltd.	198.00 MW	100%
Bu'erjin Tianrun Wind Power Generation Co., Ltd.	49.50 MW	60%
Guodian Xinjiang Alashankou Wind Power Development Co., Ltd.	99.00 MW	70%
Longyuan Tuoli Wind Power Generation Co., Ltd.	49.50 MW	100%
Longyuan Burqin Wind Power Generation Co., Ltd.	49.50 MW	100%
Fujian Wind Power Co., Ltd.		90%
Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.	56.00 MW	97.50%
Longyuan Pingtan Wind Power Generation Co., Ltd.	100.00 MW	89.50%
Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd.	6.00 MW	60%
Guodian Longyuan Anhua Wind Power Generation Co., Ltd.	50.00 MW	50%
Fujian Putian Nanri Wind Power Generation Co., Ltd.	16.15 MW	41.56%
Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.	85.50 MW	91.15%
Longyuan (Putian) Wind Power Generation Co., Ltd.	239.45 MW	100%
Fujian Longyuan Wind Power Generation Co., Ltd.	146.00 MW	100%
Fujian Longyuan Offshore Wind Power Generation Co., Ltd.	368.00 MW	78.10%
Zhejiang Longyuan Wind Power Generation Co., Ltd.	35.00 MW	100%
Zhejiang Cangnan Wind Power Generation Co., Ltd.	21.80 MW	90%
Zhejiang Linhai Wind Power Generation Co., Ltd.	21.30 MW	90%
Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.	40.00 MW	76.29%
Zhejiang Zhoushan Cengang Wind Power Generation Co., Ltd.	45.00 MW	89.69%
Longyuan Pan'an Wind Power Generation Co., Ltd.	36.00 MW	100%
Longyuan Xianju Wind Power Generation Co., Ltd.	28.80 MW	100%
Jiangsu Longyuan Wind Power Generation Co., Ltd.	150.00 MW	57.985%
Longyuan Qidong Wind Power Generation Co., Ltd.	100.50 MW	69.373%
Longyuan (Rudong) Wind Power Generation Co., Ltd.	250.50 MW	82.985%
Hunan Longyuan Wind Power Generation Co., Ltd.	50.00 MW	100%
Longyuan Dafeng Wind Power Generation Co., Ltd.	350.50 MW	100%
Longyuan Xuyi Wind Power Generation Co., Ltd.	388.30 MW	100%
Longyuan East Sea Wind Power Generation Co., Ltd.	98.70 MW	70%
Jiangsu Off-shore Longyuan Wind Power Generation Co., Ltd.	280.30 MW	78.10%
Longyuan Yancheng Dafeng Off-shore Wind Power Generation Co., Ltd.	400.00 MW	79.58%
Longyuan Yellow Sea Rudong Off-shore Wind Power Generation Co., Ltd.	200.00 MW	72.70%
Hai'an Longyuan Off-shore Wind Power Generation Co., Ltd.	300.00 MW	78.10%
Sheyang Longyuan Wind Power Generation Co., Ltd.		60%
Longyuan Yancheng New Energy Development Co., Ltd.		51%
Longyuan Guoneng Off-shore Wind Power (Yancheng) Co., Ltd.		56.13%
Hainan Longyuan Wind Power Generation Co., Ltd.	99.00 MW	100%
Yunnan Longyuan Wind Power Generation Co., Ltd.	439.50 MW	100%
Longyuan Dali Wind Power Generation Co., Ltd.	231.00 MW	80%
Longyuan Shilin Wind Power Generation Co., Ltd.	99.00 MW	100%
Longyuan (Cili) New Energy Development Co., Ltd.		100%
Guodian Chongqing Wind Power Development Co., Ltd.	209.50 MW	51%

CORPORATE PROFILE

Hero Asia (BVI) Company Limited

100%

100% Hero Asia (Penglai City) New Energy Co., Ltd.

Shareholding	Company	Capacity
100%	Longyuan Weishan Wind Power Generation Co., Ltd.	
100%	Longyuan Lijiang New Energy Co., Ltd.	50.00 MW
51%	Guodian Yunnan Longyuan Luoping Wind Power Generation Company Limited	
100%	Anhui Longyuan Wind Power Generation Co., Ltd.	198.00 MW
100%	Longyuan Fengyang Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Dingyuan Wind Power Generation Co., Ltd.	97.80 MW
100%	Longyuan Quanjiao Wind Power Generation Co., Ltd.	95.50 MW
70%	Longyuan Suzhou Wind Power Generation Co., Ltd.	46.00 MW
70%	Hanshan Longyuan Meishan Wind Power Generation Co., Ltd.	48.30 MW
100%	China Longyuan Power Group Anhui New Energy Development Co., Ltd.	244.00 MW
100%	Shandong Longyuan Wind Power Generation Co., Ltd.	99.00 MW
70%	Shangdong Longyuan Hengxin Wind Power Generation Co., Ltd.	
51%	Longyuan Huitai (Binzhou) Wind Power Generaion Co., Ltd.	98.70 MW
100%	Longyuan Linyi Wind Power Generation Co., Ltd.	98.20 MW
100%	Hero Asia (Changdao) Wind Power Generation Co., Ltd.	
100%	Longyuan Kelan Wind Power Generation Co., Ltd.	49.50 MW

Shareholding	Company	Capacity
100%	Hero Asia (Ningyang) Wind Power Generation Co., Ltd.	
50%	Guodian Shandong Jinan Longyuan Wind Power Generation Co., Ltd.	69.50 MW
50%	Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd.	48.00 MW
100%	Longyuan (Dezhou) Wind Power Generation Co., Ltd.	50.00 MW
100%	Longyuan Guan County Wind Power Generation Co., Ltd.	
80%	Longyuan Qixia Wind Power Generation Co., Ltd.	
100%	Tianjin Longyuan Wind Power Generation Co., Ltd.	146.00 MW
100%	Longyuan (Tianjin Binhai New Area) Wind Power Generation Co., Ltd.	98.00 MW
100%	Longyuan Guizhou Wind Power Generation Co., Ltd.	642.00 MW
50%	Guodian Longyuan Songtao Wind Power Generation Co., Ltd.	
50%	Guodian Longyuan Duyun Wind Power Generation Co., Ltd.	49.50 MW
100%	Shanxi Longyuan Wind Power Generation Co., Ltd.	298.50 MW
100%	Guodian Shanxi Jieneng Youyu Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan Ningwu Wind Power Generation Co., Ltd.	84.00 MW
100%	Longyuan Pianguan Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Jingle Wind Power Generation Co., Ltd.	150.00 MW

Shareholding	Company	Capacity
100%	Longyuan Heshun Wind Power Generation Co., Ltd.	60.00 MW
100%	Longyuan Lanxian Wind Power Generation Co., Ltd.	49.50 MW
51%	Guodian Longyuan Shenchi Wind Power Generation Co., Ltd.	49.50 MW
26.52%	Shanxi Guodian Jinke Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Ningxia Wind Power Generation Co., Ltd.	396.50 MW
100%	Ningxia Tianjing Wind Power Generation Co., Ltd.	79.50 MW
100%	Longyuan Litong Wind Power Generation Co., Ltd.	98.70 MW
100%	Longyuan Wuzhong Wind Power Generation Co., Ltd.	200.00 MW
100%	Longyuan Shaanxi Wind Power Generation Co., Ltd.	144.10 MW
100%	Longyuan Jingbian Wind Power Generation Co., Ltd.	99.00 MW
100%	Longyuan Dingbian Wind Power Generation Co., Ltd.	50.00 MW
100%	Longyuan Hengshan New Energy Co., Ltd.	46.00 MW
51%	Guodian Longyuan Wuqi New Energy Co., Ltd.	100.10 MW
100%	Jiangxi Longyuan Wind Power Generation Co., Ltd.	48.40 MW
100%	Longyuan Baokang Wind Power Generation Co., Ltd.	48.00 MW
100%	Longyuan Yichun Wind Power Generation Co., Ltd.	40.00 MW

Major Subsidiaries:

Wind power business

Coal power business

Other new energy business

Other enterprises

CORPORATE PROFILE

CORPORATE PROFILE

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS

Xinjiang	Wind	PV	Total
Consolidated installed capacity:	1,541.3MW	8.7MW	1,550.0MW

Gansu	Wind	PV	Total
Consolidated installed capacity:	1,289.8MW	19.0MW	1,308.8MW

Ningxia	Wind	Total
Consolidated installed capacity:	774.7MW	774.7MW

Inner Mongolia	Wind	Total
Consolidated installed capacity:	2,635.8MW	2,635.8MW

Wind Power: 20,032.0MW (distributed among 30 regions)

Coal power: 1,875.0MW

Biomass energy: 54.0MW

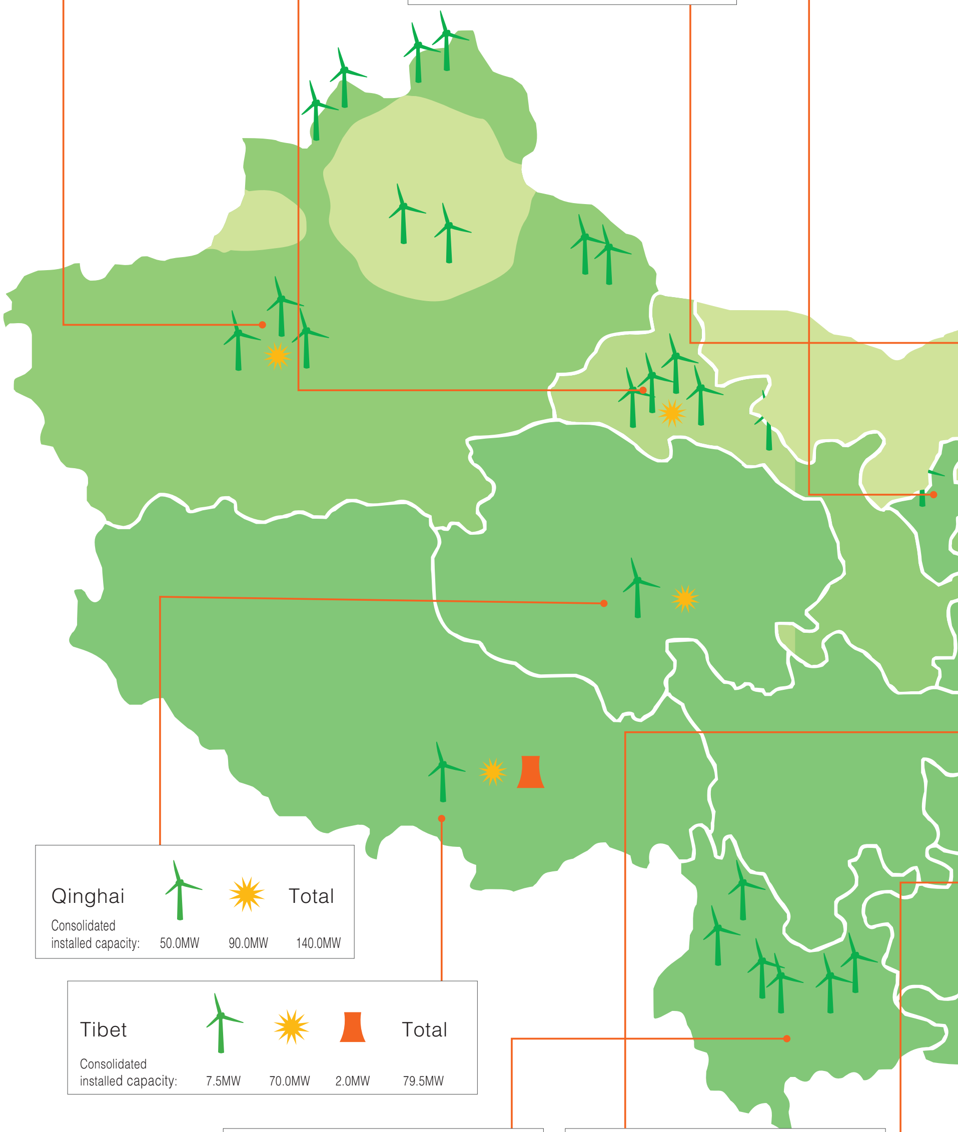
Tidal power: 4.1MW

Geothermal power: 2.0MW

PV power: 189.7MW

As at 31 December 2019

Canada	Wind	Total
Consolidated installed capacity:	99.1MW	99.1MW

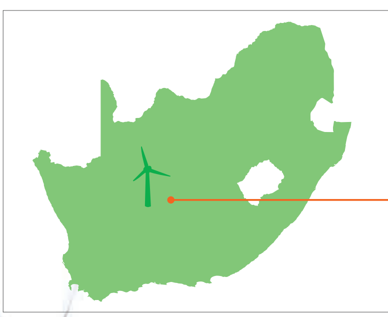


Qinghai	Wind	PV	Total
Consolidated installed capacity:	50.0MW	90.0MW	140.0MW

Tibet	Wind	PV	Geothermal	Total
Consolidated installed capacity:	7.5MW	70.0MW	2.0MW	79.5MW

Yunnan	Wind	Total
Consolidated installed capacity:	819.5MW	819.5MW

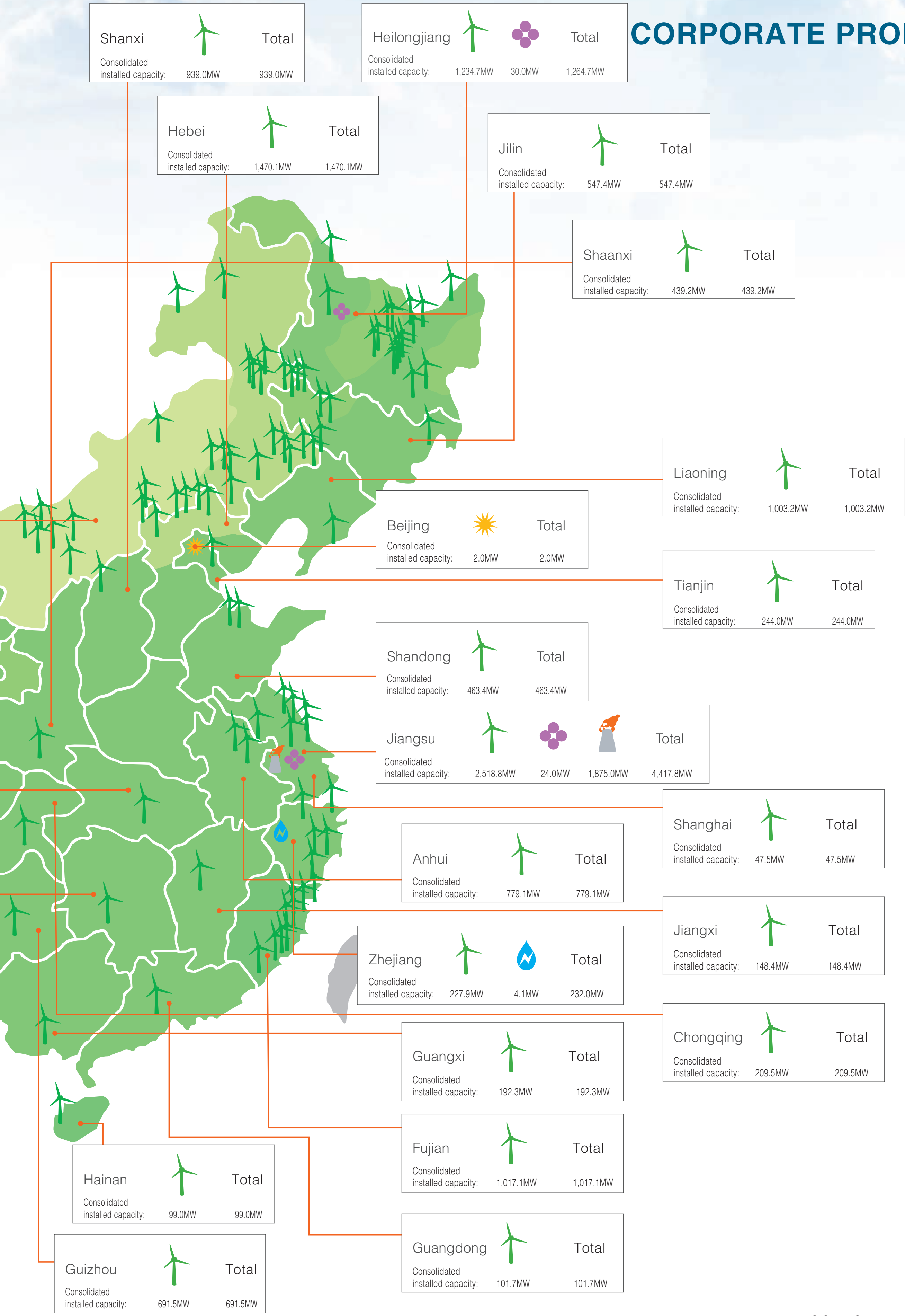
Hubei	Wind	Total
Consolidated installed capacity:	48.0MW	48.0MW



South Africa	Wind	Total
Consolidated installed capacity:	244.5MW	244.5MW

Hunan	Wind	Total
Consolidated installed capacity:	148.0MW	148.0MW

CORPORATE PROFILE



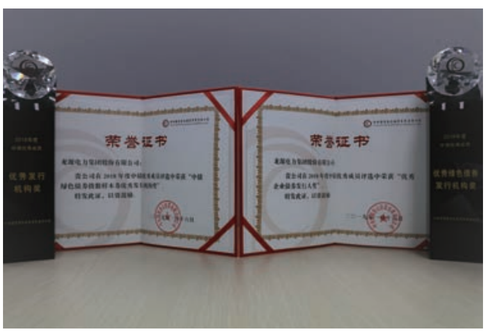
HONOURS AND AWARDS

The Company was named as the "Global Top 500 New Energy Enterprises in 2019" (2019全球新能源企業500強) and has thus been on the list for the seventh consecutive year.

The Company was successful in being selected on 2018 China Energy Enterprise Innovation List - New Energy Investment.

The Company's complex geological offshore wind power foundation design and construction and key technologies and engineering application project won the second prize of China Electric Power Science and Technology Progress Award in 2019.

The Company was granted the prize of "The Best Team of Investors' Relations (最佳投資者關係團隊)" at the Ninth Session of China Securities Golden Bauhinia Award (第九屆中國證券"金紫荊"獎), and Mr. Jia Nansong, secretary of the Board of the Company, was awarded "The Outstanding Secretary of the Board of the year (年度卓越董事會秘書)."



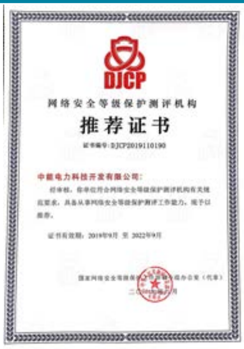
The Company was awarded the prizes of"Outstanding Issuer of Green Bonds Index Sample Bonds in Chinese Bond Market" (中債綠色債券指數樣本券優秀發行機構獎) and "The Outstanding Issuer of Corporate Bonds" (優秀企業債發行人) at the Election of 2018 Excellent CCDC Members (2018年度中債優秀成員評選).

HONOURS AND AWARDS

The Company was awarded the prize of Overseas Model Enterprise for Responsibilities at the Eighth Session Annual Conference of Responsibility Sharing of 2019 Chinese Corporate Social Responsibility Report Summit held by Chinese Social Responsibility 100 Forum, Chinese Corporate Social Responsibility Report Rating Expert Committee

The Advanced Enterprises and the Model Workers Commendation Conference of the Central Government-owned Enterprises were held in the Great Hall of the People. Jiangsu Longyuan Wind Power Generation Co., Ltd. of the Company won the title of "Advanced Enterprises of the Central Government-owned Enterprises ((中央企業先進集體))".

Zhongneng Power-Tech Development Company Limited of the Company was successfully obtained the qualification of National Cyber Security and other security assessment agencies, which was the first time that China's generation enterprises had won such qualification license.



Wenling Jiangxia Pilot Tidal Power Station of the Company was awarded as a major cultural relics site under the state protection (important historical sites and representative buildings in modern times).

HONOURS AND AWARDS

During the parades and mass demonstrations to celebrate the 70th anniversary of the founding of the People's Republic of China, Zhang Xi, the general manager of Tibet New Energy Co., Ltd., a subsidiary of the Company, was invited to participate in the mass demonstrations as a representative of the Central Government-owned enterprises, and appeared in the "Spring Tide Rolling" theme car representing the achievements of reform and opening up.

In the first Wind Energy Maintenance Skill Competition of CHN Energy, the Group won the first prizes of the United Power and Goldwind Models competitions, 39 employees won the title of technical expert of CHN Energy.

CORPORATE MILESTONES IN 2019

From 29 to 31 January, the Company held the third session of the third Staff Representatives Assembly & 2019 Working Conference in Beijing to better understand and follow the guiding principles from the 19th CPC National Congress, earnestly carry through the 2019 Work Deployment of CHN Energy, and review the work in 2018. Besides, at the meeting the Company also analysed and judged the development situation, made arrangements for the key tasks in 2019 and urged cadres and staff members to emancipate their minds and make innovations so as to build itself into an international top-notch new energy enterprise with global competitiveness.

On 8 August, the Group and Lithuania Closed Joint-stock Company “4 WIND” signed an agreement to acquire Ukraine Yuzhne Wind Power Project. The planned capacity of the Ukraine Yuzhne project is 76.5 MW. This project is the third wind power project invested and developed by the Group overseas and the first wind power project invested in Europe after the Dufferin project in Canada and the De Aar project in South Africa.

On 24 September, Longyuan offshore Sheyang H2 project in Jiangsu carried out commence construction, which is the tenth offshore wind power of Longyuan power. The center site is 45 kilometers far from the offshore, which is the furthest offshore project constructed by CHN energy.

On 26 September, Longyuan Power and the Agricultural Bank of China’s green poverty alleviation ultra-short-term financing bond amounting to RMB500 million has been successfully issued, marking the successful landing of the first green poverty alleviation bond in China.

On 25 October, the International Energy Agency (IEA) released 2019 offshore wind power outlook report. The Group’s offshore wind power installed capacity ranks first in China and third in the world.

On 12 November, the Group's Green Asset-backed Special Scheme of the Renewable Energy Tariff Surcharges was approved to be listed on Shenzhen Stock Exchange without objection. Such product is the first renewable energy subsidy asset securitization product of Shenzhen Stock Exchange, with a storage scale of RMB10 billion, which is the largest scale in the power industry at present.

CORPORATE MILESTONES IN 2019

In November, a video entitled "The Inheritance of Chasing the Wind and Waves (一場追風逐浪的傳承)" organized and filmed by Fujian Longyuan Wind Power Generation Co., Ltd., a subsidiary of the Group, won the award of outstanding participating works in the online positive energy micro-lesson work collection activity under the theme of "Collecting Online Positive Energy from the Staff and Striving for Being a Good Chinese Netizen" sponsored by the Cyberspace Administration of China and the All-China Federation of Trade Unions, and was selected into the digital resource database of China Trade Union.

On 10 December, the Group's Anhui Longhu Intelligent Wind Farm completed the first stage of intelligent transformation and has been officially put into operation and has been listed as a model pilot for the construction of CHN energy Intelligent wind farm.

On 26 December, the wind power project of Longyuan Power with an installed capacity of 48.4 MW in Jiangxi Goudaozu was connected to the grid for power generation. Thus, the Group's installed wind power capacity exceeded 20,000 MW.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with IFRSs)

I. INDUSTRY REVIEW

Operational Environment

In 2019, the economy of China remained generally stable, and the structural adjustment was steadily promoted. In the face of the complex situation in which domestic and foreign risk challenges have risen significantly, all departments in various regions conscientiously implemented the decisions and arrangement of the Party Central Committee and the State Council, adhered to the general principle of steady progress and the new concept of development, focused on the structural reform of supply side as the main line and actively promoted high-quality development. The overall performance of the national economy has been stable, the quality of development has been steadily improved, and the main expected goals have been well achieved, which laid a strong and solid foundation for building a moderately prosperous society in all respects. In 2019, the gross domestic product (GDP) for the year recorded a year-on-year increase of 6.1%, and the above-the-scale industrial added value across the country recorded a year-on-year increase of 5.7%. The fixed asset investment (excluding farmer household) recorded a year-on-year increase of 5.4%, and the total amount of the retail of social consumer goods recorded a year-on-year increase of 8.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2019, the power production growth of China slowed down slightly. According to the statistics from China Electricity Council, power consumption across the country was 7,225.5 billion kWh, representing a year-on-year increase of 4.5%, 4.0 percentage points lower than that of the same period in last year; and the total power generation across the country was 7,325.3 billion kWh, representing a year-on-year increase of 4.7%, 3.7 percentage points lower than that of last year. In particular, wind power generation amounted to 405.7 billion kWh, representing a year-on-year increase of 10.9%, taking up 5.5% of the nationwide power generation and up by 0.3 percentage point over last year. The average utilisation hours of power generation facilities across the country in 2019 were 3,825 hours, representing a decrease of 54 hours year-on-year, of which wind power utilisation hours were 2,082 hours, down by 21 hours year-on-year. The power generation capacity newly added through infrastructure construction across the country amounted to 102 GW, of which capacity of wind power amounted to 26 GW. As at the end of 2019, the total power generation installed capacity across the country was 2,011 GW, representing a year-on-year increase of 5.8%, of which capacity of wind power was 210 GW, representing a year-on-year increase of 14.0%, accounting for 10.4% of the total installed capacity, 0.7 percentage point higher than that of last year.

Policy Environment

(I) Policy environment accelerates the advent of the era of full bidding parity for wind power

In May 2018, the National Energy Administration (the "NEA") issued the Circular on the 2018 Administrative Requirements of Wind Power Development (No.47) (《關於2018年度風電建設管理有關要求的通知》(47號文)) , which ended nine-year implementation of the benchmark tariff of electricity and ushered in the era of wind power bidding. In January 2019, the National Development and Reform Commission (the "NDRC") and the NEA jointly issued the Notice on Actively Promoting Work Concerning Subsidy-free Grid-Parity for Wind Power and Photovoltaic Power Projects (No.19) (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》(19號文)), which further accelerated the transition of realizing the grid parity for wind power and photovoltaic power projects. Subsequently, a number of policies related to grid parity, competitive allocation of wind power and the improvement of on-grid tariffs were successively introduced to further standardize the grid parity and competitive allocation. In May 2019, the NDRC issued the Notice on Improving Wind Power On-grid Tariff Policy (《關於完善風電上網電價政策的通知》), adjusting tariffs of wind power projects from benchmark on-grid tariffs to guidance prices. The on-grid tariff of newly approved concentrated onshore and offshore wind power projects determined through bidding process shall not be higher than the guidance prices for the resource zones where the projects locate, meanwhile it stipulated the conditions that the projects obtained approval will no longer enjoy the state subsidies. In the same month, the NEA issued the Notice on the Issues Related to the Development of Wind Power and Photovoltaic Power Projects in 2019 (《關於2019年風電、光伏發電項目建設有關事項的通知》) and the Work Plan for the Development of Wind Power Projects in 2019 (《2019年風電項目建設工作方案》), aiming to further regulate work requirements and management mechanisms for the development of wind power projects, give full play to the decisive role of the market in resource allocation, guide and encourage the competition in the wind power market and promote high-quality development of the industry by actively promoting the construction of grid parity projects, strictly standardizing competitive allocation process of subsidized projects, comprehensively implementing the capacities of power transmission and consumption and optimizing investment and business environment. The curtailment pressure weighing on the wind power market in China has been eased somewhat, with high levels of curtailment in the wind power being effectively curbed. With the red and orange warnings in Jilin and Heilongjiang Provinces both changed to green, the unique wind resources in the "Three North" areas ushered in new development opportunities, providing a good environment for grid parity of wind power.

(II) Several favorable policies support grid parity of wind power

The state has successively issued a number of favorable policies such as the Notice on Regulating the Management for Planning Prioritised Power Generation and Purchase (《關於規範優先發電優先購電計劃管理的通知》), Catalogue for Industrial Restructuring(《產業結構調整目錄》), the Notice on Improving the Power Trading Mechanism Related to Wind Power Heating and Expanding the Application of Wind Power Heating (《關於完善風電供暖相關電力交易機制擴大風電供暖應用的通知》), the Notice on Full Liberalization of Power Generation and Utilization Plan of Operating Electricity Users (《關於全面放開經營性電力用戶發用電計劃的通知》) aiming at supporting the grid parity and low-price grid for wind power and photovoltaic power through multiple channels and from multiple aspects, such as reducing non-technical costs, ensuring consumption, giving priority to power generation, acquiring at full payment, launching trading of renewable energy certificates, cutting electricity transmission and distribution tariffs, promoting market-based trading, and giving financial support. The government work reports of the two sessions also proposed that measures such as restructuring, promoting consumption, reducing taxes and reducing costs which also provided policy support for grid parity. In May 2019, the NDRC and the NEA jointly issued the Notice on Establishing and Improving the Guarantee Mechanism of Renewable Energy Power Consumption (《關於建立健全可再生能源電力消納保障機制的通知》), setting up responsibility weights of renewable energy power consumption for power consumption in accordance with provincial-level administrative regions, and establishing and improving the guarantee mechanism of renewable energy power consumption. The aim was to promote the priority consumption of renewable energy in provincial-level administrative regions and at the same time to promote the responsible market participants of various types to take the responsibility for the consumption of renewable energy, to form a long-term development mechanism led by renewable energy consumption and to promote the construction of cleanliness, low-carbon, safe and efficient energy system. The introduction of the consumption guarantee mechanism will accelerate the increase in the proportion of renewable energy consumption, which will provide a great advantage for wind power and photovoltaics.

(III) Competitive allocation changes the way of obtaining resources

Since the decentralization of wind power approval authority, on the one hand, the project approval procedures have been simplified and the project process has been accelerated; on the other hand, the increase in the discretion of local governments has led to more diversified resource acquisition methods. In accordance with the requirements for the construction work plan for wind power projects in 2019, the provincial energy authorities independently formulated work plans for competitive allocation in each province. Comparing the competitive allocation methods of different provinces, it can be seen that for competitive allocation, the comprehensive strength of the enterprise was more important and it had higher requirements on the debt capacity, capital flow and new energy grid-connected performance of bidding enterprises. In addition to the rigid requirements that the proportion of the tariff portion accounts for at least 40%, offshore wind power projects paid more attention to the advanced equipment and the rationality of technical solutions and preferred large generating units of 5 MW or more. The setting of the tariff scoring method has led to the inability of development enterprises to raise their scores through low tariff. The large-base delivery project paid more attention to the contribution to the local renewable energy industry's transformation and required companies to propose reasonable and operable plans and undertakings in peak shaving and consumption guarantee, or set the program that promotes renewable energy equipment manufacturing and industrial progress to a high score item.

(IV) Tighter project management makes project development more difficult

With fierce market competition, local governments have tightened regulation over wind power projects, especially after the 19th National Congress of the Communist Party of China, and the law enforcement standards have become stricter. Local governments imposed more rigorous requirements for approving the planning, environmental impact assessment, land, forest land and grid connection, setting stricter conditions for the implementation of project development, the project landing is getting harder. The situation of environmental protection supervision across the country is becoming stricter. During the period of the National People's Congress and the Chinese People's Political Consultative Conference, the General Secretary of the Communist Party of China Mr. Xi Jinping instructed to maintain the determination to strengthen the construction of ecological environment protection, and must not break through the ecological red line and sacrificing the environment for economic growth. In March 2019, the National Forestry and Grassland Administration enacted the Notice on Regulating the Use of Forest Lands for Construction of Wind Farm Projects (《關於規範風電場項目建設使用林地的通知》), which proposes to implement the most stringent ecological protection system, regulate the use of forest lands for construction of wind farm in accordance with the law and strictly protect forest lands with important ecological functions that are located in ecological fragile and sensitive areas. Natural heritage sites, national parks, nature reserves, forest parks, wetland parks, geological parks, scenic spots, and other areas such as main migration accesses and migrating areas for birds, as well as coastal trunk shelterbelt and wave shelterbelt, are construction forbidden areas for wind farm projects.

(V) The establishment of the power spot market and the reform of coal-fired power tariff will have a certain impact on industry revenue

In August 2019, the NDRC and the NEA jointly issued the Opinions on Strengthening the Work of the Trial Power Spot Market(《關於深化電力現貨市場建設試點工作的意見》), which required to further play the role of the market in determining prices, establish and improve the spot trading mechanism, guide the production and consumption of electricity with flexible market price signals, accelerate to release the plan for electricity generation and consumption, stimulate the vitality of market entities, improve the capacity of power system adjustment and promote clean and low-carbon development of energy. In September 2019, the executive meeting of the State Council decided to improve the mechanism for on-grid tariff of coal-fired power generation. The benchmark on-grid tariff for coal-fired power, which has been used for 15 years, will be cancelled. From 1 January 2020, the coal-fired power tariff linkage mechanism will be cancelled. The current benchmark on-grid tariff mechanism will be changed to a market-based mechanism of "base price + floating prices". The floating range is that the upward rate shall not exceed 10% (but no upward rate shall be adopted in 2020) and downward rate shall not exceed 15% in principle which will have a certain impact on new energy trading tariff.

(VI) Positive changes took place in photovoltaic project development environment

At present, the cost of photovoltaic development has fallen sharply. The price of modules has fallen below RMB2/watt, and has continued to decrease. The overall cost of ground photovoltaic power plants in some areas has been lower than RMB4/watt. It was estimated that the average construction cost of photovoltaic power plants put into operation in 2019 was only about half that of 2012. In Zhejiang, Shandong, Henan, Guangdong and other provinces, due to the high tariff for industry and commerce, distributed photovoltaics with an equivalent utilization time of about 1,000–1,100 hours has been able to achieve parity on the consumption side. In the long run, new energy generation will be a trend in which wind power keep up with photovoltaic.

II. BUSINESS REVIEW

1. Advanced various tasks in relation to production safety in a solid manner, increased wind power generation steadily

Based on the Safety and Environmental Protection No. 1 Document, the Group carried out equipment management work program, continuously consolidated the foundation for safety production, fully implemented the annual work deployment, and advanced various tasks in relation to production safety in a solid manner in 2019.

In 2019, the Group established No.1 Document to lead the new model of the overall safety and environmental protection efforts throughout the whole year, as well as broke down and implemented the key tasks. It put forward the safety goal of "Three Years and Three Levels" to clarify specific measures to strengthen safety production management; it carried out the "Year of Responsibility Implementation" activity in a solid manner to improve the safety and environmental protection responsibilities at all levels; it sorted out and formed a list of the Group's headquarters safety production management system, newly edited and revised a number of core systems to improve the safety production system. Meanwhile, it strengthened supervision and inspection, including carried out in-depth safety inspections for provincial companies, conducted safety evaluations to wind farms, put key issues in the governance plan and urged the implementation of rectification. It also strengthened risk management and control, and formulated Activity Program for Key Anti-accident Measures, studied typical accidents to work out key anti-accident measures, which consolidated the foundation of safety management on the site. In addition, in order to realize the site safety rotation training for new energy enterprises and to reinforce the safety awareness and personal ability of the employees, the Group organized special safety trainings.

In 2019, the Group carried out the "Year of Equipment Maintenance" activity, which promoted the improvement on equipment management by adding power generation and taking problems as the guidance, centrally arranged the technical transformation and experimental research projects of equipment to strengthen equipment defects management, which effectively improved the health and operation quality of the equipment. The Group further improved the management system, and revised the management system for new project production preparation, commissioning and acceptance, project handover production, unit acceptance inspection at each stage, work standards and the quality warranty and management requirements of outsourced projects. The Group promoted the construction of smart wind farms by focusing on informatization, conducted in-depth research on informatization construction, and determined the implementation plan of informatization construction in line with the Group's actuality, meet management needs, and adapt to the future development.

In 2019, the Group strictly implemented dual controls on grid curtailment rate and quantity. Internally, it performed stringent assessment on grid curtailment, deepened follow-up analysis on grid curtailment, established the emergency response mechanism on grid curtailment management; externally, it strengthened marketing awareness and strove for additional transactions. Meanwhile, the Group actively responded to the complex market environment, increased the marketing training, accurately grasped the trend of power industry policies and put various marketing methods to good use. And under the premise of ensuring the base power, the Group observed the principle of "striving for larger capacity while maintaining the price" and further conducted market transactions to maximise the benefits of the Group.

In 2019, the Group generated a cumulative gross electricity output of 50,736 GWh, of which electricity generated from our wind power segment amounted to 40,732 GWh, representing a year-on-year increase of 3.01%, mainly attributable to the increase in installed capacity. In 2019, the average utilisation hours of the wind power business was 2,189 hours, decreased by 20 hours as compared with that of 2018, which was primarily attributable to the year-on-year decrease in wind resources.

During the Reporting Period, the consolidated gross power generation from coal power segment of the Group was 9,531 GWh, representing a decrease of 3.92% as compared with 9,920 GWh in 2018. This was mainly due to the increase in the electricity from outside the region of Jiangsu and the new energy installed capacity generation. The task of reducing and controlling coal is getting heavier year by year, which squeezed the share of coal power. The average utilisation hours of the Group's coal power segment in 2019 was 5,083 hours, representing a decrease of 208 hours as compared with 5,291 hours in 2018.

Geographical breakdown of the consolidated power generation of the Group's wind farms for 2018 and 2019:

Region	2019 (MWh)	2018 (MWh)	Percentage of change
Heilongjiang	3,110,671	2,744,502	13.34%
Jilin	1,148,346	955,094	20.23%
Liaoning	2,246,772	2,266,022	-0.85%
Inner Mongolia	5,866,128	5,499,564	6.67%
Jiangsu (onshore)	2,113,397	2,637,447	-19.87%
Jiangsu (offshore)	2,481,259	2,279,162	8.87%
Zhejiang	357,969	360,597	-0.73%
Fujian	2,262,133	1,992,853	13.51%
Hainan	120,468	123,736	-2.64%
Gansu	2,425,131	2,590,060	-6.37%
Xinjiang	3,497,015	3,208,338	9.00%
Hebei	2,402,522	2,485,556	-3.34%
Yunnan	2,291,343	2,093,666	9.44%
Anhui	1,382,126	1,642,302	-15.84%
Shandong	744,285	795,852	-6.48%
Tianjin	370,664	365,676	1.36%
Shanxi	1,662,541	1,779,727	-6.58%
Ningxia	1,394,190	1,491,700	-6.54%
Guizhou	1,434,055	1,201,921	19.31%
Shaanxi	778,334	763,605	1.93%
Tibet	16,954	14,313	18.45%
Chongqing	467,817	307,455	52.16%
Shanghai	110,827	137,712	-19.52%
Guangdong	228,064	170,783	33.54%
Hunan	238,091	131,937	80.46%
Guangxi	269,073	263,319	2.19%
Jiangxi	134,722	91,149	47.80%
Hubei	107,794	112,383	-4.08%
Canada	285,642	272,338	4.89%
South Africa	783,435	762,755	2.71%
Total	40,731,768	39,541,524	3.01%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for 2018 and 2019:

Region	Average utilisation hours of wind power for 2019 *(hour)*	Average load factor of wind power for 2019	Average utilisation hours of wind power for 2018 *(hour)*	Average load factor of wind power for 2018	Percentage of change of the average utilisation hours of wind power
Heilongjiang	2,523	29%	2,223	25%	13.50%
Jilin	2,108	24%	1,825	21%	15.51%
Liaoning	2,242	26%	2,261	26%	-0.84%
Inner Mongolia	2,217	25%	2,113	24%	4.92%
Jiangsu (onshore)	1,680	19%	2,123	24%	-20.87%
Jiangsu (offshore)	2,228	25%	2,885	33%	-22.77%
Zhejiang	1,560	18%	1,571	18%	-0.70%
Fujian	2,988	34%	2,890	33%	3.39%
Hainan	1,217	14%	1,250	14%	-2.64%
Gansu	1,880	21%	2,008	23%	-6.37%
Xinjiang	2,267	26%	2,079	24%	9.04%
Hebei	2,049	23%	2,120	24%	-3.35%
Yunnan	2,978	34%	2,721	31%	9.45%
Anhui	1,885	22%	2,240	26%	-15.85%
Shandong	2,007	23%	2,146	24%	-6.48%
Tianjin	1,911	22%	1,967	22%	-2.85%
Shanxi	1,891	22%	2,146	24%	-11.88%
Ningxia	1,921	22%	2,055	23%	-6.52%
Guizhou	2,110	24%	1,872	21%	12.71%
Shaanxi	1,997	23%	2,068	24%	-3.43%
Tibet	2,261	26%	1,908	22%	18.50%
Chongqing	2,282	26%	2,050	23%	11.32%
Shanghai	2,333	27%	2,899	33%	-19.52%
Guangdong	2,287	26%	2,168	25%	5.49%
Hunan	2,812	32%	2,749	31%	2.29%
Guangxi	2,818	32%	2,757	31%	2.21%
Jiangxi	2,694	31%	2,279	26%	18.21%
Hubei	2,246	26%	2,341	27%	-4.06%
Canada	2,882	33%	2,748	31%	4.88%
South Africa	3,204	37%	3,120	36%	2.69%
Total	2,189	25%	2,209	25%	-0.91%

2. Scientifically optimized project development layout, made outstanding results in early work

In 2019, in respond to the complicated and changeable internal and external environment changes, the Group actively utilized its sound brand, sufficient foreign reserves, low debt, wide project distributions, leading technology management, sufficient professionals, superior offshore wind power installed capacities and offshore equipment and other advantages in accordance with the "One, Three, Five and Seven" strategies ("一三五七"戰略), and relied on the large scale, large number of sectors and great influence in energy systems, especially in the Three North regions of CHN Energy, to provide effective means for early development. The Group strengthened strategic coordination and guidance in planning, took high-quality and sustainable development as the goal and grid-friendly and environment-friendly development as standards, it vigorously reserved new energy projects according to the resource endowment and consumption status, and followed the development ideas of "coordinated onshore and offshore projects, wind and PV power simultaneously, multi-energy complementarity, up-down linkage and focused breakthroughs". The Group carried out scientific management to improve the system construction in the early development, and initially formed a development structure of innovation and development-centered, led by development research and enhanced implementation. Under the rapid changes in the current internal and external policies, market and other environments, we changed our minds in a timely manner, actively responded to the changes, strengthened policy research, expedited the processing of supporting documents for project development and accelerated the advancement of key projects in the early periods. The Group continuously put more efforts on photovoltaic research and follow-up, actively coordinated with local governments and energy bureaus, paid close attention to resource allocation, planned for layout in advance, actively participated in bidding for resource allocation, and took multiple measures in the same time so as to make continuously progress in photovoltaic projects.

In 2019, the new reserves of the Group reached record highs in the "Thirteenth Five-Year" Plan period. The annual new resources reserves amounted to 13.6 GW, among which 6 were over 1 million kW and distributed in ultra-high voltage bases and areas with the best offshore resources like Inner Mongolia, Gansu, North Shanxi, Fujian and Guangdong, which laid a solid foundation for the subsequent development. The Group obtained approvals for wind power projects with aggregate installed capacity of 1,470 MW, including new approvals for offshore projects with capacity of 1,000 MW in Guangdong, which filled the gap in the approval of the Group's wind power projects in the South China Sea. Breakthroughs were made in photovoltaic projects with 7 filed photovoltaic projects amounted to 324 MW.

3. Strengthened project node control, and effectively promoted project construction

In 2019, the Group embraced safe and steady project construction status, project quality and environmental protection level were steadily improved without any material or above safety, quality, environmental protection accidents or mass incidents affecting social stability throughout the year, and the project cost was controllable and under practical control.

The Group strengthened the control of project nodes, planned ahead of time, scientifically organized, and actively coordinated such project nodes. In accelerating the implementation of key processes such as survey and design, project bidding, forest and land seizures, and network connection permission, the Group has formed an efficient operation mechanism with up-down linkage and horizontal coordination, and the project development speed has increased significantly. The level of project quality management has been further improved. Through optimizing design, strengthening supervision, emphasizing supervising and manufacturing and other implementations, problems have been addressed in a timely and coordinated manner to ensure project quality. Cost management was further strengthened and managed by regular cost analysis, review on changes, the maximum price limit and other in-process controls. Drawing review was strengthened to effectively reduce engineering changes and control the cost within the scope of budgets. The environmental protection work of the project was further strengthened. The construction start-up procedures were strictly implemented to carry out forest land and land formalities in time. The Group standardized work concerning conservation of water and soil in the wind farms, strictly implemented the "three-simultaneousness" requirements for conservation of water and soil, and fully fulfilled the requirements of acceptance check and putting on record in relation to water conservation and environmental protection for projects already completed. The Group increased investment in environment protection, completed 116 environment protection and water reservation technical reformation projects, aiming at creating eco-friendly wind farms nation-wide and achieving green and sustainable development.

In 2019, the Group launched 14 new wind power projects with installed capacity of 1,113 MW, of which 152 MW were offshore wind power projects. As at 31 December 2019, the consolidated installed capacity of the Group was 22,157 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments was 20,032 MW, 1,875 MW and 250 MW, respectively.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 31 December 2018 and 2019 is set out as below:

Region	**31 December 2019 *(MW)***	31 December 2018 *(MW)*	**Percentage of change**
Heilongjiang	**1,234.7**	1,234.7	0.00%
Jilin	**547.4**	547.4	0.00%
Liaoning	**1,003.2**	1,003.2	0.00%
Inner Mongolia	**2,635.8**	2,635.8	0.00%
Jiangsu (onshore)	**1,338.5**	1,248.5	7.21%
Jiangsu (offshore)	**1,180.3**	1180.3	0.00%
Zhejiang	**227.9**	227.9	0.00%
Fujian	**1,017.1**	865.1	17.57%
Hainan	**99.0**	99.0	0.00%
Gansu	**1,289.8**	1,289.8	0.00%
Xinjiang	**1,541.3**	1,541.3	0.00%
Hebei	**1,470.1**	1,170.1	25.64%
Yunnan	**819.5**	769.5	6.50%
Anhui	**779.1**	733.1	6.27%
Shandong	**463.4**	393.4	17.79%
Tianjin	**244.0**	194.0	25.77%
Shanxi	**939.0**	879.0	6.83%
Ningxia	**774.7**	724.7	6.90%
Guizhou	**691.5**	691.5	0.00%
Shaanxi	**439.2**	439.2	0.00%
Tibet	**7.5**	7.5	0.00%
Chongqing	**209.5**	209.5	0.00%
Shanghai	**47.5**	47.5	0.00%
Guangdong	**101.74**	101.74	0.00%
Hunan	**148.0**	98.0	51.02%
Guangxi	**192.3**	95.5	101.36%
Jiangxi	**148.4**	100.0	48.40%
Hubei	**48.0**	48.0	0.00%
Qinghai	**50.0**	–	–
Canada	**99.1**	99.1	0.00%
South Africa	**244.5**	244.5	0.00%
Total	**20,032.04**	18,918.84	5.88%

4. **Strengthened marketing awareness and kept electricity price level stable**

In 2019, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB459 per MWh (value-added tax ("VAT") exclusive), representing an increase of RMB2 per MWh as compared with the average on-grid tariffs of RMB457 per MWh (VAT exclusive) in 2018. The average on-grid tariffs for wind power amounted to RMB482 per MWh (VAT exclusive), remaining the same as the average on-grid tariffs of RMB482 per MWh (VAT exclusive) in 2018, which was mainly due to a joint influence of the decrease in the VAT rate and the year-on-year increase in electricity sales in the wind power trading market. The average on-grid tariffs for coal power amounted to RMB336 per MWh (VAT exclusive), representing a decrease of RMB1 per MWh as compared with the average on-grid tariffs for coal power of RMB337 per MWh (VAT exclusive) in 2018, which was mainly due to a joint influence of the expansion in coal power trading, and the decrease in the VAT rate.

5. **Intensified financing control and continued to improve capital utilisation efficiency**

In 2019, in response to the moderately loose currency markets, the Group seized opportunities to intensify management and control of financing, and laid down an overall operation plan to optimize replacement and optimization of existing interest-bearing liabilities, and save financial costs. Meanwhile, by leveraging the capital scheduling and coordination mechanism under the direct management of the headquarters and rigid capital plan management, it continued to improve capital utilisation efficiency to maximise the time value of funds. In terms of financing, it kept a close watch on domestic and foreign capital markets to further expand financing channels, successfully issued seven tranches of ultra short-term debentures, three tranches of medium-term notes, and one tranche of short-term debentures, enabling the Group to maintain an advantage among the industry in terms of capital cost throughout the year. The Group has also innovated in issuing the first green ultra-short-term debentures (poverty alleviation) in the domestic market, demonstrated the Group's responsibility and role in cultivating a beautiful China and helping poverty alleviation. In 2019, the Group actively revitalized stock assets with the financial instruments traded in open markets, successfully registered storage-based renewable energy electricity subsidy asset securitization products worthy of RMB10 billion, and won the "outstanding issuer of fixed income product" award issued by the Shenzhen Stock Exchange, setting up a well-established corporate image.

6. Highlighted the Guidance of Science and Technology to help build world-leading enterprise

In 2019, Longyuan Power actively adapted to the new situations such as "scientific and technological innovation, information-driven", set up Department of Science, Technology and Information, a specialized department, restructured the scientific and technological innovation system of the Company, made efforts to address issues including the research and development input sources, scientific research team building and incentives for scientific research assessment of the Company. The situation of scientific and technological innovation has taken on a new look. The quality of science and technology awards has been improved. This year, it has won 5 provincial and ministerial (industry) awards and 4 group-level awards. Of which, "Key Technologies and Engineering Applications for Design and Construction of Offshore Wind Power Foundation under Complicated Geological Conditions" won the second prize of China Electric Power Science and Technology Progress Award. During the year, the Group has obtained the right to edit one national standard and four energy industry standards. Among them, the "Technical Guidelines for Intelligent Wind Farms" is the first industry standard for intelligent wind farms in China and is the foundation standard in the field of intelligent wind power. The Group will develop a new mode of wind farm operation management based on years of experience in the construction and management of intelligent wind farms, continuously reduce costs and increase efficiency, and lead the enterprises to develop more healthily.

7. The overseas strategic layout has shown initial results, and the management of ongoing projects has been continuously strengthened

In 2019, following the requirements of high-quality development, the Group exerted greater efforts on preliminary work for and development of projects in countries covered by the “Belt and Road” Initiative. Focusing on the major development line of “develop wind and PV power simultaneously”, the Group continuously optimized the development mode, and gradually expanded the operations of overseas businesses to form an all-round and stereoscopic development situation. At present, new progress has been made in overseas main businesses, the equity transfer of the Ukraine Yuzhne project has been completed and will start construction in the near future. The Teplo photovoltaic project in Ukraine has been approved to launch. The Group is actively negotiating with a number of countries from Central and Eastern Europe, Oceania and Southeast Asia to continuously expand overseas investment opportunities in wind and PV power projects.

In 2019, the Group strengthened asset management of overseas projects, implemented active management strategies, consolidated safe production management, effectively prevented and controlled safe production risks, and operated all in-service projects well. Canada Dufferin Wind Farm of the Group recorded total power generation of 286 GWh throughout the year, which overfulfilled the annual task; its utilisation hours reached 2,882 hours, and it has maintained safe production for 1,857 consecutive days. The Group’s wind power projects in De Aar of South Africa recorded an annual power generation of 783 GWh, the project utilisation hours reached 3,204 hours, and maintained its accumulated safe production for 792 days.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

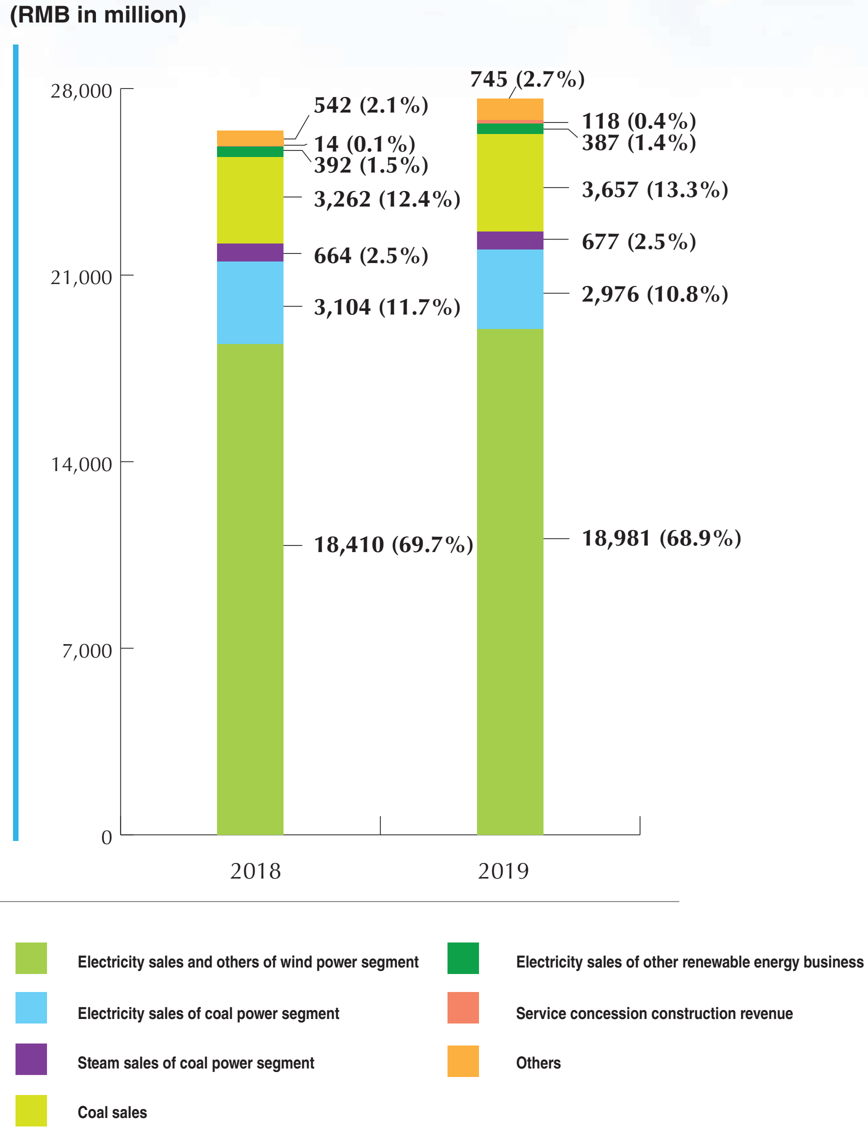
Profit or loss and other comprehensive income

In 2019, the net profit of the Group amounted to RMB5,320 million, representing an increase of 8.1% as compared to RMB4,921 million in 2018. Net profit attributable to equity holders amounted to RMB4,567 million, representing an increase of 9.6% as compared to RMB4,166 million in 2018. Earnings per share amounted to RMB53.82 cents, representing an increase of RMB4.99 cents as compared to RMB48.83 cents in 2018.

Operating revenue

In 2019, the operating revenue of the Group amounted to RMB27,541 million, representing an increase of RMB1,153 million or 4.4% as compared to RMB26,388 million in 2018. The increase of operating revenue mainly due to: (1) electricity sales and other revenue of wind power segment increased by RMB571 million or 3.1% in 2019 as compared to 2018, mainly due to the increase in electricity sales volume of wind power segment; (2) revenue from service concession construction of wind power segment increased by RMB104 million or 742.9% in 2019 as compared to 2018, mainly due to the increase in construction volume of service concession projects under construction; (3) revenue from coal sales of coal power segment increased by RMB395 million or 12.1% in 2019 as compared to 2018, mainly due to the increase in coal sales volume; and (4) revenue from electricity sales of coal power segment decreased by RMB128 million or 4.1% in 2019 as compared to 2018, mainly due to the decrease in electricity sales volume.

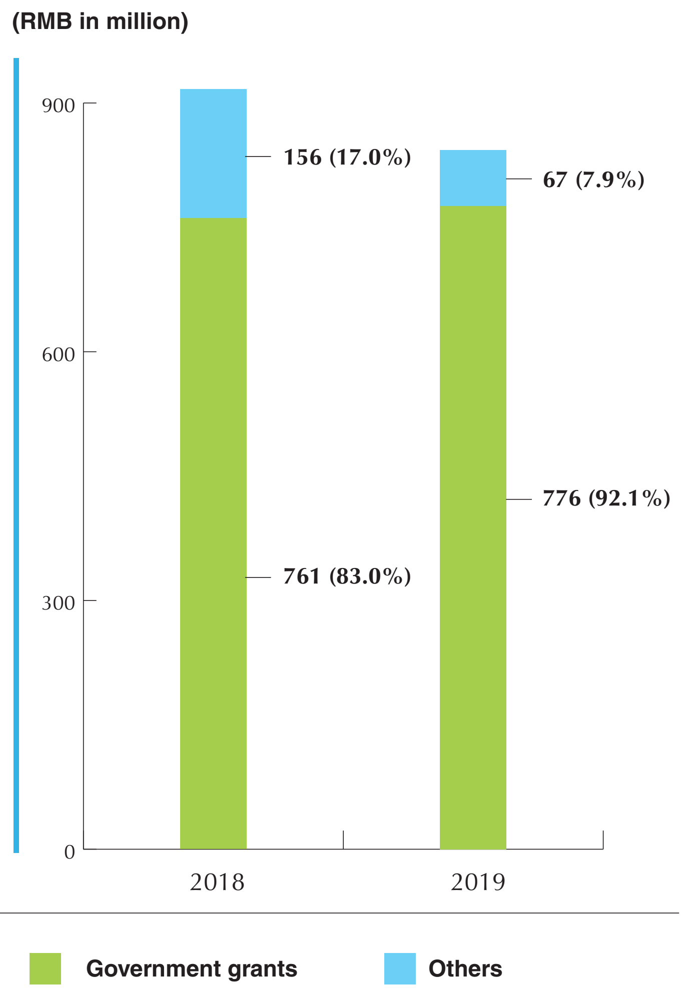
Operating revenue of each segment and their respective proportions are set out in the diagram below:



Other net income

The other net income of the Group amounted to RMB843 million in 2019, representing a decrease of 8.1% as compared with RMB917 million in 2018, which was mainly due to: (1) the decrease of RMB35 million in VAT refund amount (part of government grants) as compared to 2018 as a result of the combined effect of the decrease in VAT rate and the increase in revenue of electricity sales of wind power segment; and (2) gains on disposal of assets represents a decrease of RMB40 million as compared to 2018.

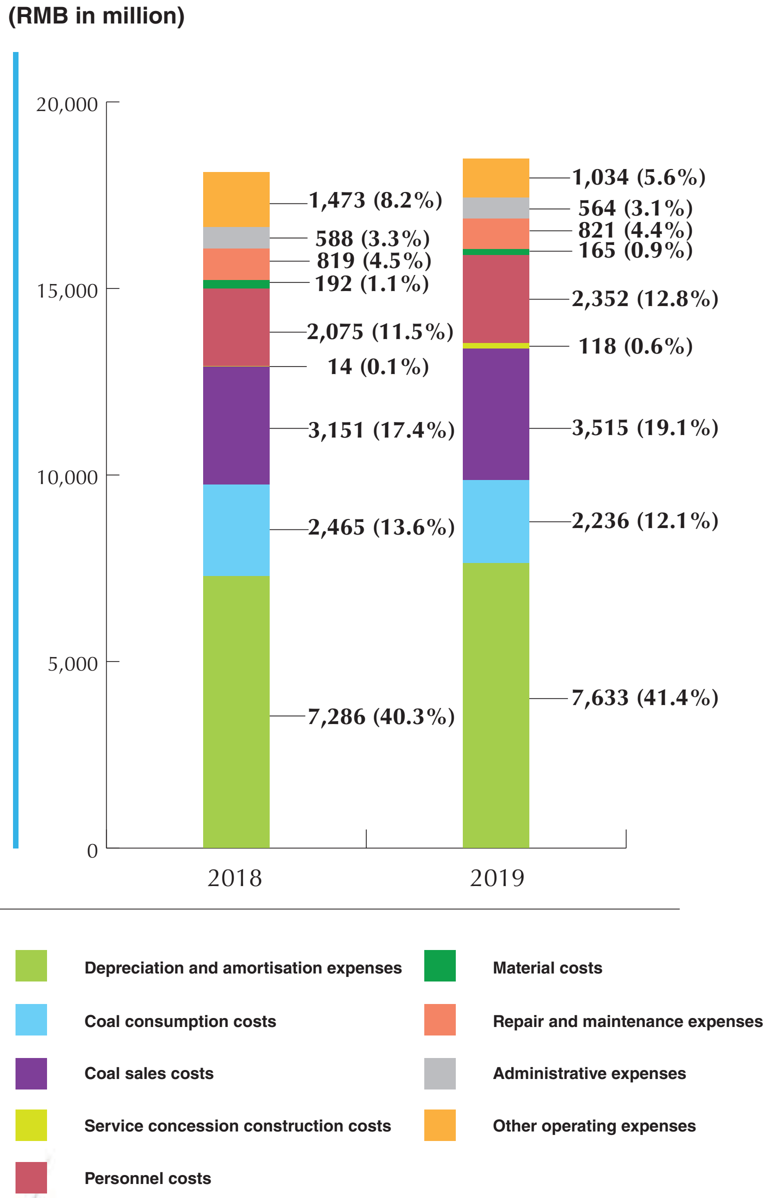
The breakdown of other net income items and their respective proportions are set out in the diagram below:



Operating expenses

Operating expenses of the Group amounted to RMB18,438 million in 2019, representing an increase of 2.1% as compared to RMB18,063 million in 2018, which was mainly due to (1) the increase in depreciation and amortisation expenses and personnel costs in the wind power segment; (2) the increase in the service concession construction costs; (3) the increase in coal sales costs and the decrease in coal consumption costs in the coal power segment; and (4) the provision of RMB3 million made for asset impairment in 2019, while the provision made for asset impairment in 2018 amounted to RMB 514 million.

Operating expenses items and their respective proportions are set out in the diagram below:

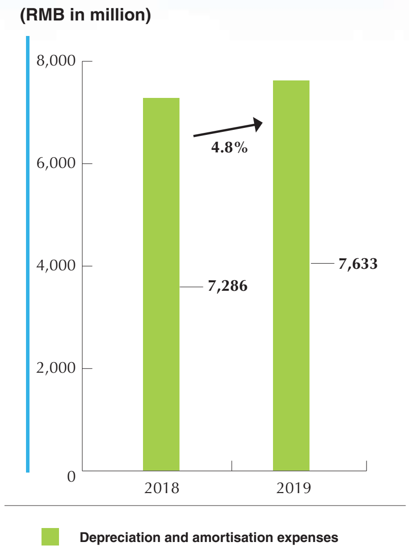


MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB7,633 million in 2019, representing an increase of 4.8% as compared to RMB7,286 million in 2018, primarily due to the increase of RMB383 million or 5.7% in depreciation and amortisation expenses of the wind power segment over 2018 as a result of expansion in the installed capacity of wind power projects.

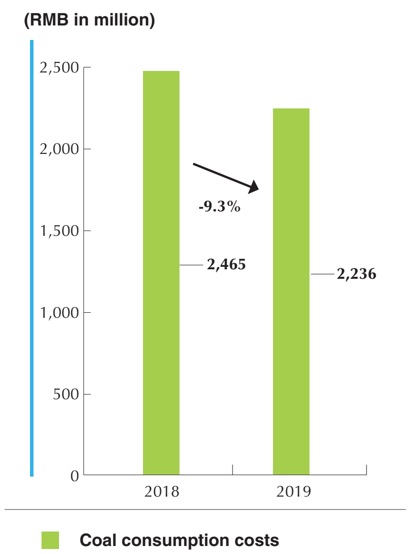
Depreciation and amortisation expenses are set out in the diagram below:



Coal consumption costs

Coal consumption costs of the Group amounted to RMB2,236 million in 2019, representing a decrease of 9.3% as compared to RMB2,465 million in 2018, which was mainly due to (1) a decrease of approximately 5.7% in the average unit price of standard coal for power and steam generation as affected by the slight decrease in the coal price in 2019; and (2) a decrease of approximately 3.8% in the standard coal consumption as a result of the decrease in power generation.

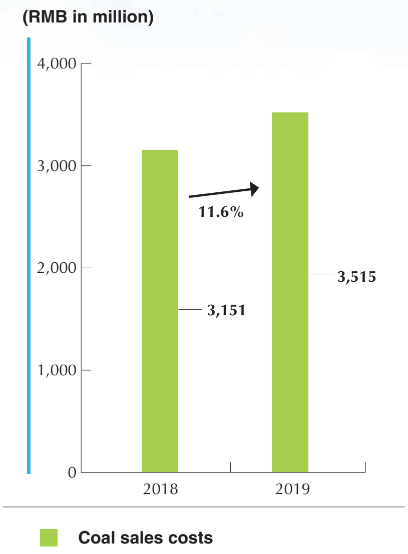
Coal consumption costs are set out in the diagram below:



Coal sales costs

Coal sales costs of the Group in 2019 amounted to RMB3,515 million, representing an increase of 11.6% as compared to RMB3,151 million in 2018, which was mainly due to (1) the sales volume of coal increased by approximately 24.0% as compared to 2018; and (2) the average procurement price of coal decreased by approximately 10.1% as compared to 2018.

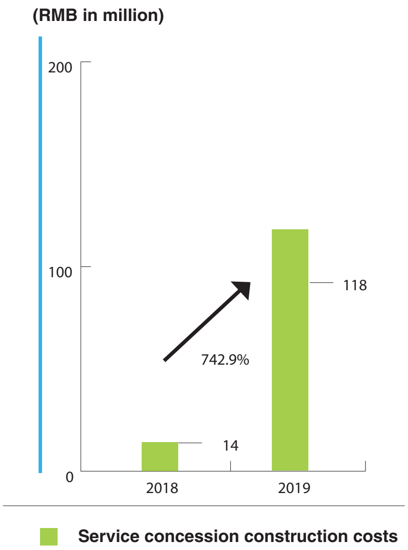
Coal sales costs are set out in the diagram below:



Service concession construction costs

The Group's service concession construction costs in 2019 amounted to RMB118 million, representing an increase of 742.9% as compared to RMB14 million in 2018, primarily due to an increase in the construction volume of service concession projects under construction in 2019 as compared to 2018.

Service concession construction costs are set out in the diagram below:

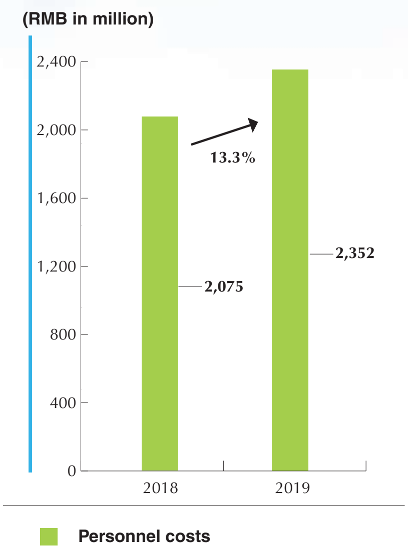


MANAGEMENT DISCUSSION AND ANALYSIS

Personnel costs

Personnel costs of the Group amounted to RMB2,352 million in 2019, representing an increase of 13.3% as compared to RMB2,075 million in 2018, which was mainly due to (1) an increase in headcounts as a result of the Group's expansion; (2) the increase in personnel salary and benefits as a result of the improvement of operating results; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

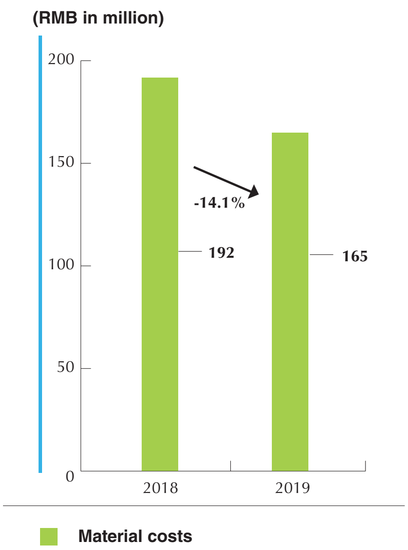
The personnel costs are set out in the diagram below:



Material costs

Material costs of the Group amounted to RMB165 million in 2019, representing a decrease of 14.1% as compared to RMB192 million in 2018, which was primarily due to the decrease of electricity sales as a result of the suspension of operation of the Group's Donghai Longyuan Biomass Power Plant (東海龍源生物質發電有限公司) during a certain period of the year.

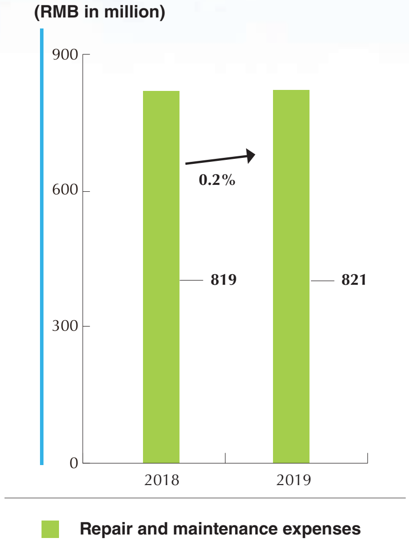
The material costs are set out in the diagram below:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB821 million in 2019, representing an increase of 0.2% as compared to RMB819 million in 2018, which was mainly due to the enhancement of repair and maintenance for units in the coal power segment.

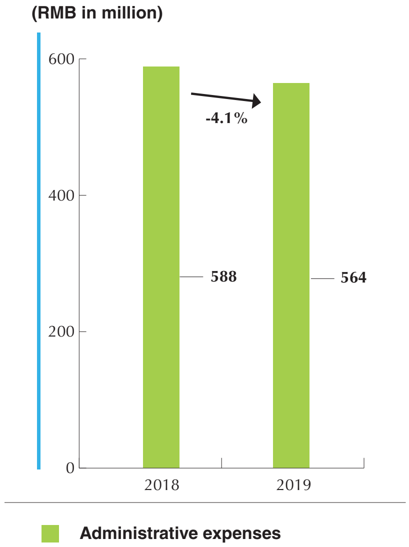
Repair and maintenance expenses are set out in the diagram below:



Administrative expenses

Administrative expenses of the Group amounted to RMB564 million in 2019, representing a decrease of 4.1% as compared to RMB588 million in 2018, primarily due to the continuous control of expenses such as office allowance by the Group.

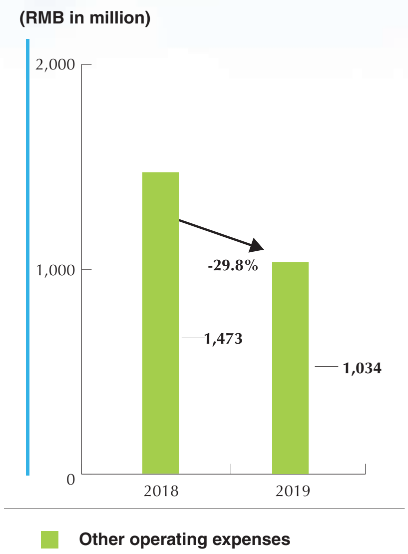
Administrative expenses are set out in the diagram below:



Other operating expenses

Other operating expenses of the Group amounted to RMB1,034 million in 2019, representing a decrease of 29.8% as compared to RMB1,473 million in 2018, which was mainly due to the provision of RMB3 million made for asset impairment in 2019, as compared to the provision of RMB514 million made for asset impairment in 2018.

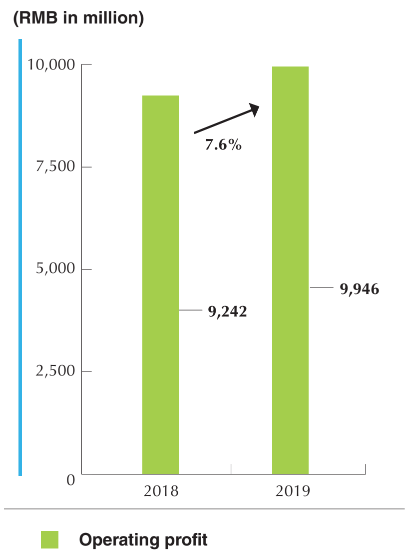
Other operating expenses are set out in the diagram below:



Operating profit

Operating profit of the Group amounted to RMB9,946 million in 2019, representing an increase of RMB704 million or 7.6% as compared to RMB9,242 million in 2018, which was mainly due to (1) an increase of RMB237 million in operating profit from sales of electricity of wind power segment as a result of the increase in installed capacity expansion; (2) an increase of RMB187 million in the operating profit of coal power segment as a result of the decrease of coal prices; and (3) a decrease of RMB248 million in the provision made for asset impairment in other segments in 2019 as compared to 2018.

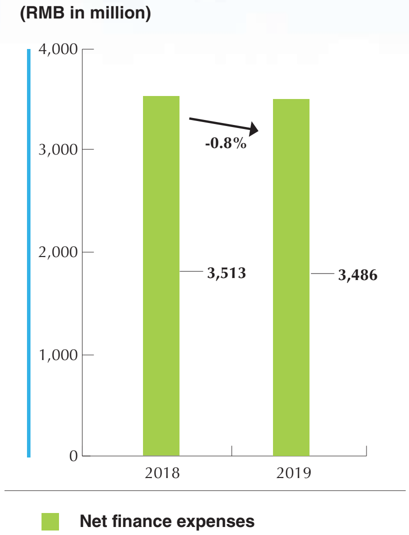
Operating profit is set out in the diagram below:



Net finance expenses

Net finance expenses of the Group amounted to RMB3,486 million in 2019, representing a decrease of RMB27 million or 0.8% as compared to RMB3,513 million in 2018. The main reasons are as follows: (1) the interest expenses decreased by RMB141 million in 2019 as compared to 2018 as a result of the decrease in average balance of borrowings and interest rate; (2) the Group's net foreign exchange loss in 2019 decreased by RMB13 million as compared to 2018; (3) an increase of RMB74 million in the loss on changes in fair value of the interest rate swap contracts as compared to 2018 and unrealized losses from holding trading securities in 2019 increased by RMB14 million as compared to 2018; and (4) interest income generated from financial assets in 2019 decreased by RMB34 million as compared to 2018.

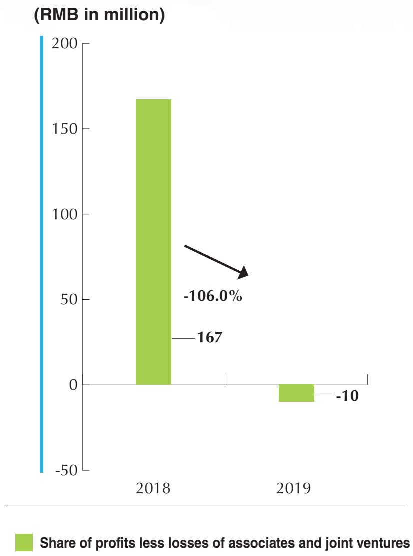
Net finance expenses are set out in the diagram below:



Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB-10 million in 2019, representing a decrease of RMB177 million or 106.0% as compared to RMB167 million in 2018, which was mainly due to the decrease in the share of net profits of Guodian United Power Technology Co., Ltd.(國電聯合動力技術有限公司), as a result of the decrease in the gross profit of the wind turbine business owing to the significant increase in the price of upstream raw material and key components.

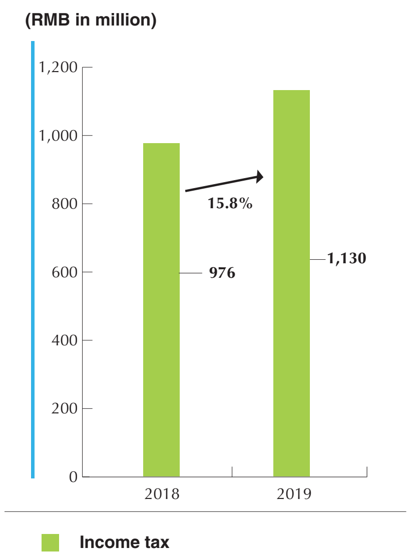
Share of profits less losses of associates and joint ventures is set out in the diagram below:



Income tax

Income tax of the Group amounted to RMB1,130 million in 2019, representing an increase of 15.8% as compared to RMB976 million in 2018, which was mainly due to (1) a year-on-year increase of 9.4% in profit before tax in 2019; and (2) a higher tax rate in 2019 as compared to that in 2018 as a result of the end of tax exemption period for certain wind power projects.

Income tax is set out in the diagram below:

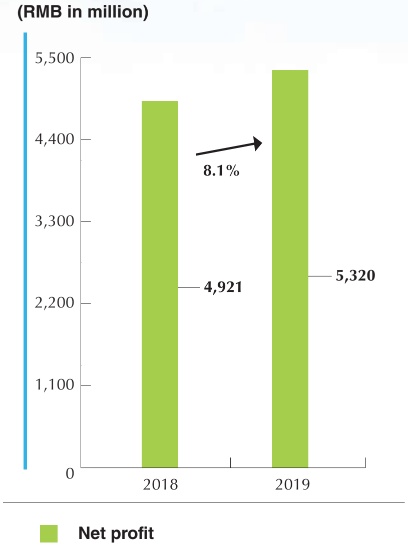


MANAGEMENT DISCUSSION AND ANALYSIS

Net profit

In 2019, the net profit of the Group amounted to RMB5,320 million, representing an increase of 8.1% as compared to RMB4,921 million in 2018, which was mainly due to the year-on-year increase in net profit of wind and coal power segments.

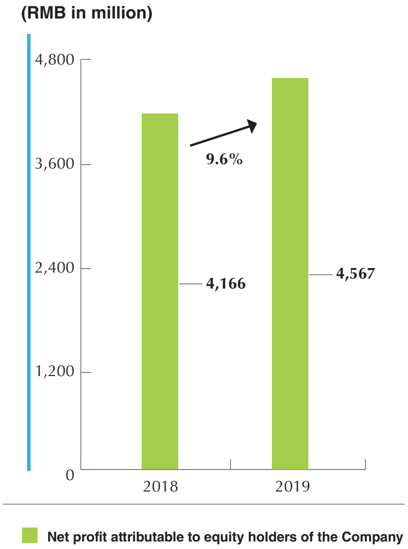
Net profit is set out in the diagram below:



Net profit attributable to equity holders of the Company

In 2019, net profit attributable to equity holders of the Company amounted to RMB4,567 million, representing an increase of 9.6% as compared to RMB4,166 million in 2018, mainly attributable to the increase in net profit from wind power segment, most equity interests of which were held by equity holders of the Company.

Net profit attributable to equity holders of the Company is set out in the diagram below:



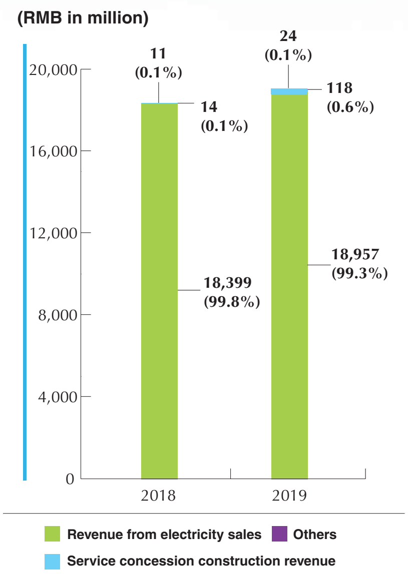
Segment results of operations

Wind power segment

Operating revenue

In 2019, the operating revenue of the wind power segment of the Group amounted to RMB19,099 million, representing an increase of 3.7% from RMB18,424 million in 2018, primarily due to an increase in revenue from electricity sales as a result of growing electricity sales of wind power segment caused by an increase in installed capacity of wind power business.

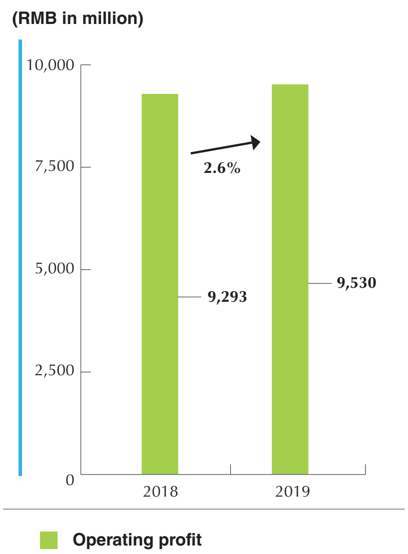
Operating revenue of the wind power segment and proportions are set out in the diagram below:



Operating profit

In 2019, the operating profit of the wind power segment of the Group amounted to RMB9,530 million, representing an increase of 2.6% as compared to RMB9,293 million in 2018, primarily due to an increase in revenue from electricity sales of wind power segment. The growth rate in operating profit of wind power segment was lower than that of the revenue from electricity sales of wind power segment, which was mainly due to the decrease of average utilisation hours of generation equipment in 2019.

Operating profit in the wind power segment is set out in the diagram below:

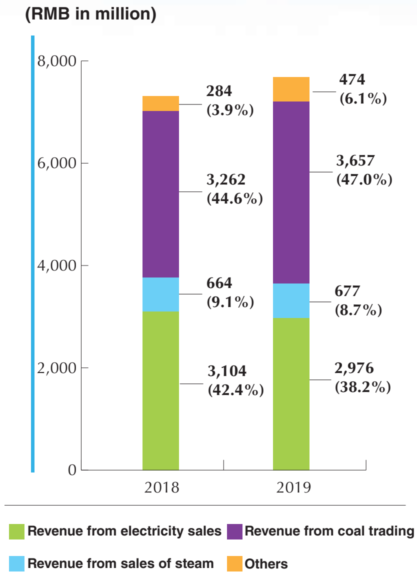


Coal power segment

Operating revenue

In 2019, the operating revenue of the coal power segment of the Group amounted to RMB7,784 million, representing an increase of 6.4% from RMB7,314 million in 2018, primarily attributable to: (1) a year-on-year increase in the revenue from coal trading due to the scaling up of coal trading volume in 2019; and (2) a decrease in revenue from electricity sales due to a decrease of 4.0% in the electricity sales volume in 2019 as compared to 2018.

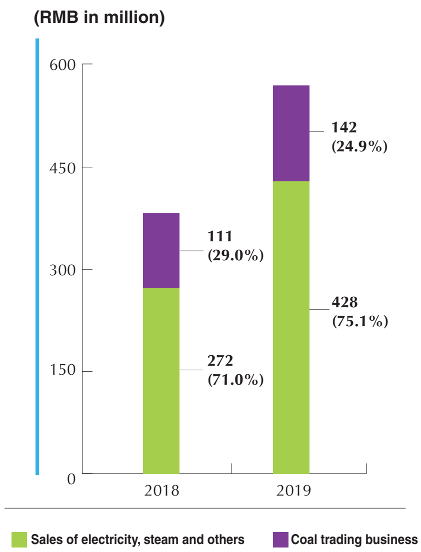
Operating revenue of the coal power segment and proportions are set out in the diagram below:



Operating profit

In 2019, the operating profit of the coal power segment of the Group amounted to RMB570 million, representing an increase of 48.8% as compared to RMB383 million in 2018, primarily due to the increase of gross profit margin in the sales of electricity and steam as compared to 2018 as a result of the decrease in coal price.

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

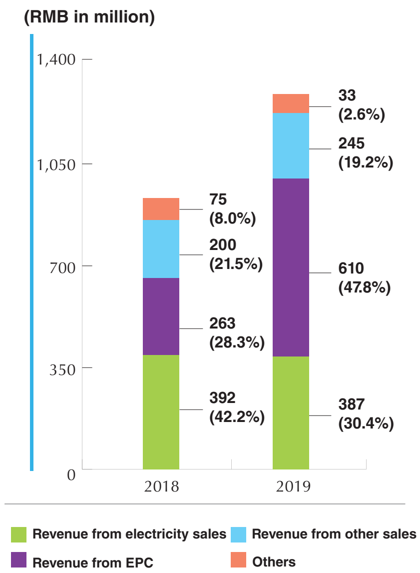


Other segments

Operating revenue

In 2019, the operating revenue of other segments of the Group amounted to RMB1,275 million, representing an increase of 37.1% as compared to RMB930 million in 2018, which was mainly due to an increase of RMB347 million in revenue from EPC as compared to 2018 as a result of the increase of EPC services, among which the intergroup revenue increased by RMB350 million.

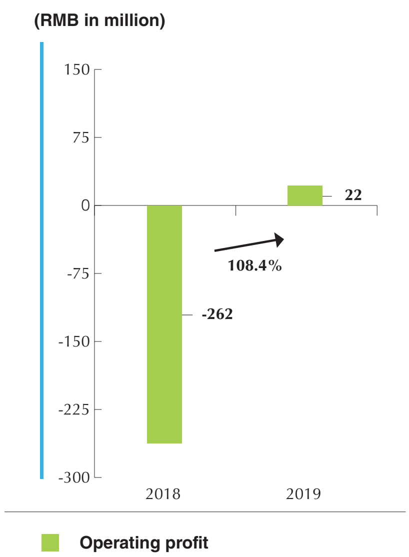
Operating revenue of other segments and proportions are set out in the diagram below:



Operating profit

In 2019, the operating profit of other segments of the Group amounted to RMB22 million representing an increase of RMB284 million as compared to RMB-262 million in 2018, which was mainly due to a decrease of RMB248 million in the provision for the impairment in 2019 as compared to 2018.

Operating profit of other segments is set out in the diagram below:



MANAGEMENT DISCUSSION AND ANALYSIS

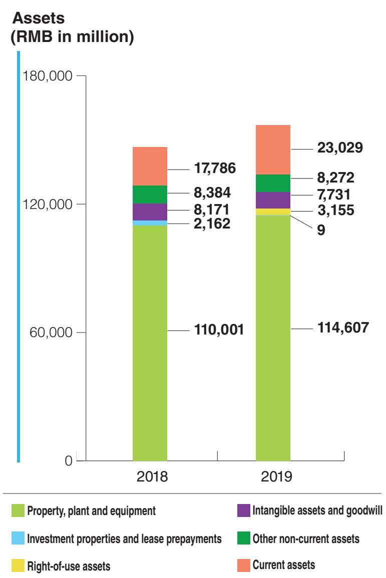
Assets and liabilities

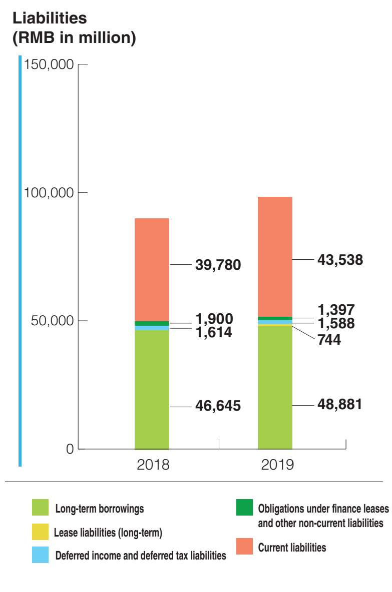
As at 31 December 2019, total assets of the Group amounted to RMB156,803 million, representing an increase of RMB10,299 million as compared with total assets of RMB146,504 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB5,243 million in current assets including trade and bills receivables; and (2) an increase of RMB5,056 million in non-current assets including property, plant and equipment.

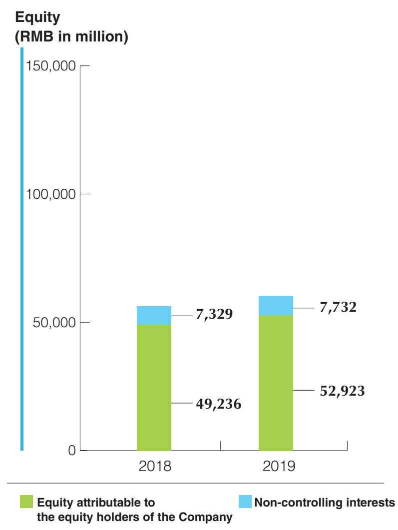
As at 31 December 2019, total liabilities of the Group amounted to RMB96,148 million, representing an increase of RMB6,209 million as compared to total liabilities of RMB89,939 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB2,451 million in non-current liabilities including long-term borrowings; and (2) an increase of RMB3,758 million in current liabilities including trade and bills payables.

As at 31 December 2019, equity attributable to equity holders of the Company amounted to RMB52,923 million, representing an increase of RMB3,687 million as compared with RMB49,236 million as at 31 December 2018, which was mainly earnings from normal business operation during the year.

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



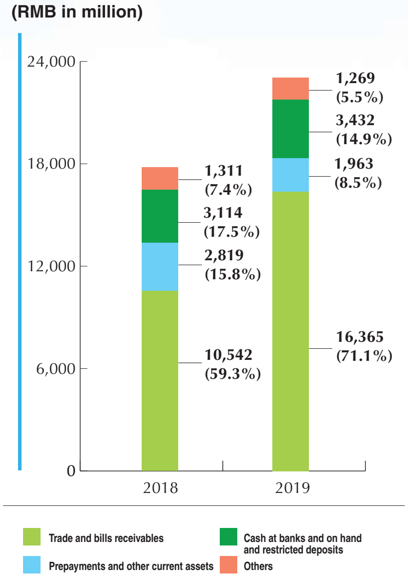




Capital liquidity

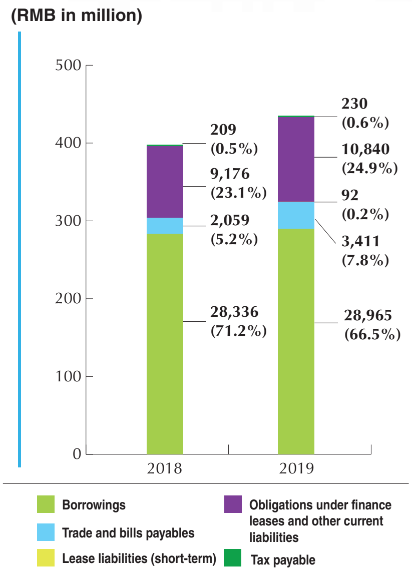
As at 31 December 2019, current assets of the Group amounted to RMB23,029 million, representing an increase of RMB5,243 million as compared with current assets of RMB17,786 million as at 31 December 2018, which was mainly due to the increase of current assets including trade and bills receivables and cash at banks.

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



As at 31 December 2019, current liabilities of the Group amounted to RMB43,538 million, representing an increase of RMB3,758 million as compared with RMB39,780 million as at 31 December 2018, which was mainly due to the increase in trade and bills payables and other current liabilities as a result of the increase in the payment of construction and equipment for wind power projects.

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



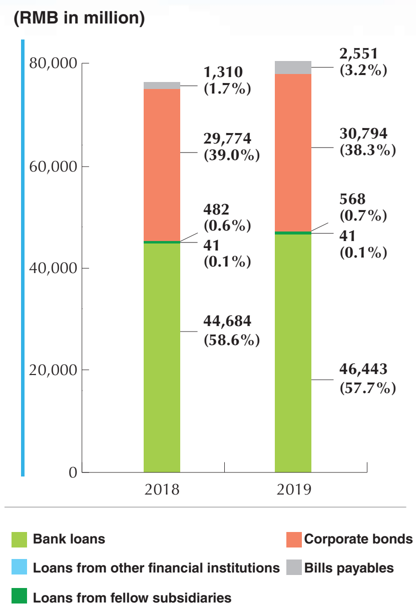
As at 31 December 2019, net current liabilities of the Group amounted to RMB20,509 million, representing a decrease of RMB1,485 million as compared with RMB21,994 million as at 31 December 2018. The liquidity ratio was 0.53 as at 31 December 2019, representing an increase of 0.08 as compared with the liquidity ratio of 0.45 as at 31 December 2018, which was mainly attributable to an increase in current assets including trade receivables.

Restricted deposits amounted to RMB523 million, mainly including monetary funds deposited in the custodial account opened by the Group which can only be transferred to a trust account or be used for repaying bank loans.

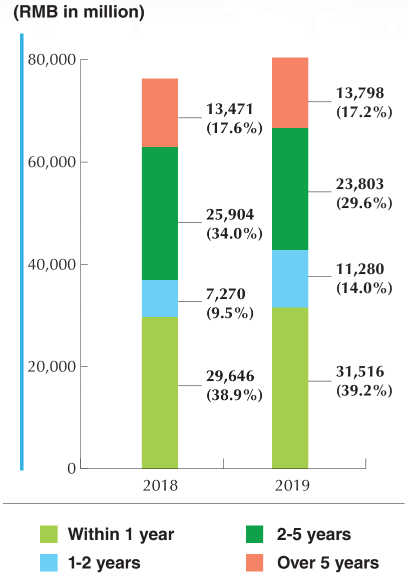
Borrowings and bills payables

As at 31 December 2019, the Group's balance of the borrowings and bills payables amounted to RMB80,397 million, representing an increase of RMB4,106 million as compared with the balance of RMB76,291 million as at 31 December 2018. As at 31 December 2019, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB31,516 million (including long-term borrowings due within one year of RMB7,349 million and bills payables of RMB2,551 million) and long-term borrowings amounting to RMB48,881 million (including debentures payables of RMB22,040 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB72,126 million, borrowings denominated in U.S. dollars of RMB2,722 million and borrowings denominated in other foreign currencies of RMB2,998 million. As at 31 December 2019, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB358 million and corporate bonds with fixed interest rates of RMB22,040 million. As at 31 December 2019, the balance of bills payables issued by the Group amounted to RMB2,551 million.

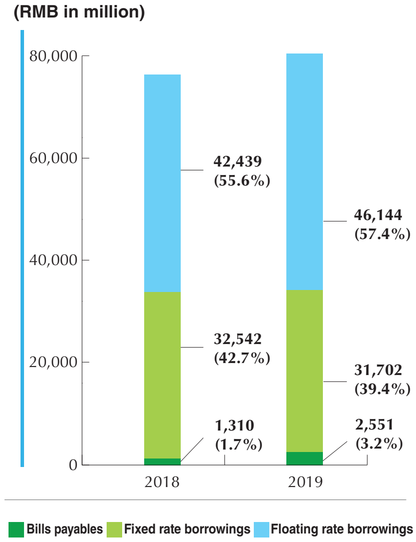
Borrowings and bills payables by category and proportions are set out in the diagram below:



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



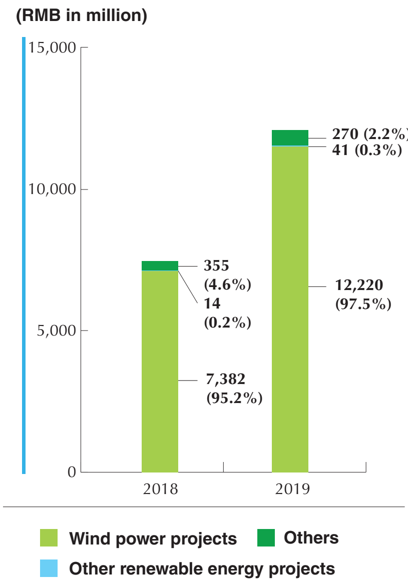
The types of interest rate structure of borrowings and bills payable and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB12,531 million in 2019, representing an increase of 61.7% as compared with RMB7,751 million in 2018, among which, the expenditures for the construction of wind power projects amounted to RMB12,220 million, and the expenditures for the construction of other renewable energy projects amounted to RMB41 million. The sources of funds mainly included self-owned funds, the borrowings from banks, other financial institutions and the proceeds from the issuance of bonds.

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



Net gearing ratio

As at 31 December 2019, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 55.54%, representing a decrease of 0.64 percentage point from 56.18% as at 31 December 2018. This was primarily due to the increase in total equity in 2019 as a result of the increase in retained earnings this year.

Major investments

The Group made no major investment in 2019.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals in 2019.

Pledged assets

As at 31 December 2019, general banking facilities and bonds amounted to RMB14,564 million are secured by tariff collection rights and equipment with net carrying amount of RMB2,612 million.

Contingent liabilities/Guarantees

As at 31 December 2019, the Group provided a guarantee of RMB109 million for bank loans of associates, and issued a counter-guarantee of no more than RMB18 million to the controlling shareholder of an associate. As at 31 December 2019, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

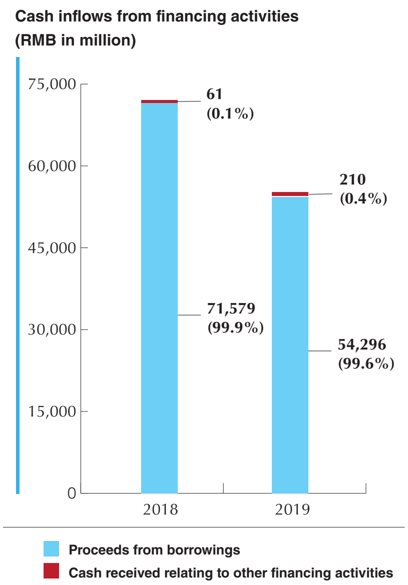
As at 31 December 2019, cash at banks and on hand held by the Group amounted to RMB2,908 million, representing an increase of RMB47 million as compared with RMB2,861 million as at 31 December 2018. The principal sources of funds of the Group mainly include cash inflow generated from operating activities and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

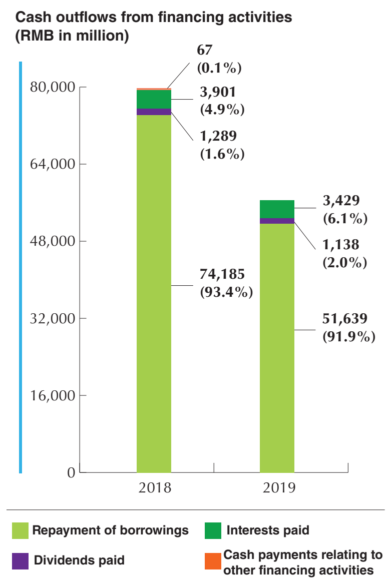
The net cash inflow of the Group's operating activities amounted to RMB12,515 million in 2019, representing a decrease of RMB1,740 million as compared with that of RMB14,255 million in 2018, mainly due to the increase in trade receivables.

The net cash outflow from investing activities of the Group for 2019 was RMB10,774 million. The cash outflow for investment activities was mainly used for the construction of wind power projects.

The net cash outflow from financing activities of the Group for 2019 was RMB1,700 million. The cash inflow from financing activities was mainly generated from the issuance of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

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





IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

In 2019, as the power market-oriented reform continues to advance, the trading scale and scope of new energy market continue to increase, a number of policies such as grid parity of wind power and competitive allocation have been introduced in succession, and markets for auxiliary services have been gradually developed, the new energy enterprises will face the risk of electricity price and revenue decline. The Group will keep tracking relevant national policies, judge the effects of policies and take effective measures to safeguard its benefits as a new energy enterprise.

2. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of the PRC which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind speeds in the same period. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As at the end of 2019, the Group had substantial projects in 31 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimised and rational project layout. In the future, we will further balance the project development ratio in the regions subject to the impact of different monsoons.

3. Risks relating to power grids

In 2019, the situation of nationwide grid curtailment was alleviated. The lack of coordination between wind power development and power grid construction, and the insufficient delivery capacity of power grid will still exist in some areas in the future. Wind power will still face increased risk of grid curtailment. The Group will continue to study the characteristics of operation and absorption of wind power, judge the changing trends of power grid, and make full use of national policies to prevent rebound risk. In addition, it will enhance proactive communication with the government and grid companies, coordinate to reduce maintenance arrangements for power grid during windy periods and take the initiative to capture market share of power generation.

4. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a certain portion of Group's investments are carried out abroad, therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group's foreign exchange management principles are not involved in any speculative arbitrage for the purpose of hedging and risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of project development and operations. Once foreign subsidiaries are found to have foreign exchange risks exposure, the Group will immediately analyse and put forward relevant hedging plans and shall strictly implement them to ensure that foreign exchange risks are under control.

5. Risk in fuel prices

The Group has two coal power plants with an installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business. At present, the coal price risk is mainly affected by the policies in respect of Shenhua, China Coal and other large state-owned mine companies (this policy is also affected by fluctuations in the international and domestic markets). The Group will further judge the changing trend of domestic coal price, while tracking the price performance ratio of international coal, especially Indonesian coal, Australian coal and coal from other countries, and make full use of international and domestic markets to pursue the Group's goal of the lowest coal price.

V. OUTLOOK IN 2020

Outlook for Business Environment at Home and Abroad

At present, China is now in a crucial period of changing the development model, optimizing the economic structure and transforming the growth drivers. In 2020, China will continue to accelerate the development of renewable energy industries such as wind power so as to remain the overall trend unchanged and adhere to the underlying principle of securing economic stability amid steady progress, actively promote the construction of grid parity projects, speed up the fulfillment of technological progress and reduce the subsidized strength, carry out the coordination between project construction and consumption capacity, strengthen the power delivery and consumption guarantee of the project, to achieve the high-quality development of wind power and photovoltaic energy.

The year 2020 is also a crucial year for the Group to meet market challenges and solve development problems. It is also a crucial year to lay the foundation for the development in the “Fourteenth Five-Year Plan” and further upgrading of enterprises. The Group will strengthen strategic co-ordination and planning guidance, firmly establish the concept of new development, and actively expand effective investment to enhance high-quality sustainable development potential in accordance with the development ideas of “coordinated onshore and offshore development, developed wind and PV power simultaneously, multi-functional complementarity, up-down linkage, and key breakthroughs”. Taking advantage of the industrial synergy of CHN Energy, relying on its own advantages such as wide distribution of projects, sufficient funds, low debt ratio, good brand promotion and strong technical strength, it will adopt various methods such as independent development and cooperative mergers and acquisitions to speed up the advance of key projects in the early stage, actively plan large base projects in the north of China, reserve offshore wind power resources in an orderly manner and vigorously promote the development of photovoltaic projects.

At present, trade frictions among countries occur frequently, the global economic recovery faces more obstacles and challenges, economic growth in most countries is slowing down, overall global inflation stages a rebound, and monetary policy margins are tightening. The competitive bidding of energy industry in various countries has become the mainstream, and the bid price continues to decline. All of these have added instability and uncertainty to our exploration of overseas markets. However, peace and development are still the themes of our times. World multi-polarization and economic globalization continue to develop amid twists and turns. Under the new situation, the installed capacity of wind power and solar energy has increased steadily and will gradually become the world’s main energy source. With advances in technologies, the power generation costs were bought down. The Group will make full use of these favorable conditions, continue to actively respond to the “Belt and Road” initiative, further implement the “Go Global” strategy, and expand overseas markets in a pragmatic and steady manner.

Operation Targets of the Group in 2020

In 2020, the business guidelines of the Group are as follows: Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will fully implement the guiding principles from the 19th CPC National Congress and the Second, Third and Fourth Plenary Sessions of the 19th CPC Central Committee, uphold overall Party leadership, adhere to the underlying principle of pursuing progress while ensuring stability, earnestly execute the Group's overall strategy of "One Goal, Three Types, Five Variations and Seven First-classes "; and it will strive to the goal of developing our Company into a world-class new energy giant with global competitiveness, highlight the orientation of high-quality sustainable development and value creation, lay a solid foundation for new energy Party building and safe production, speed up the construction of informatization and intelligence, develop the domestic and international markets and build up two teams of high-quality management cadres and professional talents. Further, it will stay true to original aspirations, work even harder to make new and greater contributions to CHN Energy in building a world-class demonstration enterprise.

In 2020, the Group will endeavor to achieve the following objectives:

1. To emphasize the Party leadership to provide a strong political guarantee for building a world-class new energy company with global competitiveness.

2. To implement comprehensively the Group's production safety deployment to practically launch the construction of intrinsically safe enterprises.

3. To expand effective investment actively to enhance high-quality sustainable development potential.

4. To speed up the construction of engineering projects to ensure the completion of the target task to maintain electricity price.

5. To improve the operation and management level and push asset management to a new level.

6. To innovate the system and mechanism to speed up the construction of world-class new energy company.

7. To insist on the leading role of cultural advancement and endeavor to make Longyuan a harmonious and happy big family.

DIRECTORS' REPORT

The Board of the Company hereby presents to Shareholders the annual report and the audited financial statements for the year ended 31 December 2019 (the "Financial Statements").

BOARD MEETINGS

During the reporting period, six Board meetings were held and a total of 36 resolutions of the Board were approved:

1. The 2019 first meeting of the fourth session of the Board was held on 19 March 2019, at which nineteen resolutions were considered and approved.

2. The 2019 second meeting of the fourth session of the Board was held on 25 April 2019, at which one resolution was considered and approved.

3. The 2019 third meeting of the fourth session of the Board was held on 20 August 2019, at which eight resolutions were considered and approved.

4. The 2019 fourth meeting of the fourth session of the Board was held on 24 September 2019, at which four resolutions were considered and approved.

5. The 2019 fifth meeting of the fourth session of the Board was held on 28 October 2019, at which one resolution was considered and approved.

6. The 2019 sixth meeting of the fourth session of the Board was held on 30 December 2019, at which three resolutions were considered and approved.

Directors' attendance at the Board meetings is as follows:

Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate
Qiao Baoping	Former Chairman of the Board and Non-executive Director	0/4	0%
Liu Jinhuan	Non-executive Director	6/6	100%
Luan Baoxing	Non-executive Director	6/6	100%
Yang Xiangbin	Non-executive Director	6/6	100%
Jia Yanbing	Chairman of the Board and Executive Director	6/6	100%
Huang Qun	Executive Director	5/5	100%
Sun Jinbiao	Executive Director	1/1	100%
Zhang Songyi	Independent Non-executive Director	6/6	100%
Meng Yan	Independent Non-executive Director	6/6	100%
Han Dechang	Independent Non-executive Director	6/6	100%

Notes:

1. Mr. Qiao Baoping resigned as the Chairman of the Board and Non-executive Director of the Company on 24 September 2019.

2. Mr. Luan Baoxing resigned as a Non-executive Director of the Company on 28 February 2020.

3. Mr. Jia Yanbing was appointed as an Executive Director of the Company on 28 February 2019, and was appointed as the Chairman of the Board of the Company on 24 September 2019.

4. Mr. Huang Qun resigned as an Executive Director of the Company on 15 November 2019.

5. Mr. Sun Jinbiao was appointed as an Executive Director of the Company on 15 November 2019.

Save as disclosed above, during the year of 2019, the Chairman of the Board and independent non-executive Directors held a meeting without other Directors. Save as disclosed in the notes, the term of office of each of the aforesaid Directors shall expire at the expiry of the term of the fourth session of the Board.

DIRECTORS' REPORT

SHARE CAPITAL

As at 31 December 2019, the total share capital of the Company was RMB8,036,389,000, divided into 8,036,389,000 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in Note 36(c) to the Financial Statements.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

The Group is principally engaged in the design, development, construction, management and operation of wind farms in areas with abundant wind resources in the PRC and the sales of electricity to the local grid companies. Details of major subsidiaries and associated companies of the Company are set out in Notes 19 and 20 to the Financial Statements respectively.

BUSINESS REVIEW

In 2019, the Group followed strictly the Company Law of the PRC (中華人民共和國公司法), the Securities Law of the PRC (中華人民共和國證券法), the Contract Law of the PRC (中華人民共和國合同法), the Electricity Law of the PRC (中華人民共和國電力法), the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Labour Law of the PRC (中華人民共和國勞動法) and other relevant laws and regulations as well as environmental policies in China. The Company strictly promoted the standardization of the system, comprehensively carried out the work of "clean up, abolish, change and establish the legislation", and formulated the "Working Plan for Building a Compliance Management System (合規管理體系建設工作方案)", which clarified the compliance management system and working mechanism. The Group was not involved in any serious violation of laws or regulations in 2019.

For the analysis of business using key financial indicators, major risks the Company is exposed to, particulars of important events affecting the Company and the future business development of the Company, please refer to the section headed Management Discussion and Analysis. For the discussion on the Company's environmental policies and their effectiveness, and the relations between the Company and its employees, customers and suppliers, please refer to the section headed Environmental, Social, and Governance Report.

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group had no material or major disputes with its suppliers and customers in 2019.

The Group has maintained a satisfactory relationship with the employees and it improved the working environment and living conditions for the front-line production staff, relaxed the restrictions on the incorporation of the front-line employees in difficult regions into the advanced study and recreation systems for model workers and thoroughly implemented the system of employee fraternal funds, which enhanced the staff's sense of belonging and the enterprise cohesiveness.

The Group has maintained a satisfactory relationship with the suppliers. The Group gives an annual comprehensive evaluation for suppliers and set up a warning and no-access mechanism for dishonest suppliers. Besides, the Group implements a manufacturing supervision and management system for main units, turbine towers and key electrical equipment to guarantee product quality.

The Group has maintained a satisfactory relationship with the customers and has conducted analysis and research on the opinions of the customers in a timely manner.

For the relationship between the Company and the employees, the suppliers and the customers, please refer to the Environment, Social, and Governance Report.

ENVIRONMENT-RELATED PERFORMANCE AND POLICIES

By integrating the concept of Environmental, Social and Corporate Governance responsibility into our corporate strategy and operating practices, the Group has actively implemented the energy-saving and emission-reduction policies on a continuous basis, practically fulfilled its social responsibility as a world-class new energy company with global competitiveness. We adhere to the management philosophy of "Leadership of Party Building, Advantage Development, Talent Thriving Enterprise, Innovation, Safety First, Responsibilities, Efficient Implementation, Lifelong Study, Anti-Corruption Practices and Green Care", and the environmental protection policy of "Environmental Protection, Pollution Prevention, Legal Management and Sustainable Development in Green Power". In the process of developing renewable energy, we exert great efforts in establishing a mechanism of the clean development, continuously strengthen the environmental protection and fulfill the environmental responsibilities. While striving to shape the Company's image with green and low-carbon characters, we supply clean energy for promotion of beautiful environment and ecological civilization to create shared value for the society and achieve sustainable development with the society.

We strictly comply with the national uniform environmental protection laws, regulations and policies and proactively undertake the environmental protection responsibilities of energy-saving and emission-reduction. In 2019, there was no violation of national environmental laws, regulations and policies. While developing new projects according to the development and changes in market conditions, the Group also paid attention to energy-saving and emission-reduction, striving to maximize green benefits. The Company has complied with the environmental laws and regulations such as the Environmental Protection Law of the PRC (中華人民共和國環境保護法) and has always fulfilled its environmental responsibility in accordance with the standards of local environmental regulations and industry rules and practices so as to achieve higher environmental performance. For details, please refer to the Environmental, Social and Governance Report as set out on pages 116 to 166 of this annual report.

MATERIAL LITIGATION

As at 31 December 2019, the Group was not involved in any material litigation or arbitration. As far as the Directors are aware, there is no material litigation or claim of material importance pending or threatened against the Group.

PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended 31 December 2019 are set out in the Consolidated Statement of Profit or Loss on pages 211 to 212. The financial position of the Company and its subsidiaries as at 31 December 2019 is set out in the Consolidated Statement of Financial Position on pages 213 to 214. The cash flows of the Company and its subsidiaries for the year ended 31 December 2019 is set out in the Consolidated Statement of Cash Flows on pages 217 to 219.

A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are set out in the section headed Management Discussion and Analysis on pages 25 to 69 of this annual report.

PROFIT DISTRIBUTION

Pursuant to the regulations of the relevant laws of the People's Republic of China, the laws and regulations of overseas listed places, regulatory requirements and the Articles of Association, the Company has formulated the following profit distribution policies:

I. The Company may distribute profit in the form of (or take two forms at the same time): 1. cash; 2. shares.

II. When the Company distributes the after-tax profits of the relevant accounting year, the profit shall be distributed based on the after-tax profits in the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and the financial statements prepared in accordance with International Financial Reporting Standards, whichever is less.

III. When the Company distributes the after-tax profits of the current year, it shall withdraw 10% of the profits into the Company's statutory accumulation fund. If the accumulated amount of the Company's statutory accumulation fund amounts more than 50% of the Company's registered capital, it may no longer be withdrawn.

If the Company's statutory accumulation fund is not sufficient to offset the losses of the previous year, it shall first use the current year's profit to offset the loss before drawing the statutory accumulation fund in accordance with the provisions of the previous terms.

After the Company withdraw the statutory accumulation fund from after-tax profits, it can also withdraw arbitrary the accumulation fund from after-tax profits after passing a resolution in the general meeting.

After the Company offset the losses and withdraw the accumulation fund, the remaining after-tax profits shall be distributed to the Shareholders in proportion to their shareholdings.

If the general meeting violates the provisions of the previous terms and distributes profits to Shareholders before the Company offsets losses and withdraws statutory accumulation fund, the Shareholders must return the profits distributed in violation of the regulations to the Company.

The Company shares held by the Company are not involved in the distribution of profits.

IV. The Company pays dividends and other payments to holders of domestic shares, which are denominated and declared in RMB, and are paid in RMB within three months after the date of the declaration of dividends; The Company pays dividends and other payments to holders of foreign shares, which are denominated and declared in RMB, and are paid in foreign currency within three months after the date of the declaration of dividends. The exchange rate is calculated based on the average closing price of the relevant foreign currency against the Renminbi announced by the People's Bank of China five working days before the date of the declaration of dividends or other distributions, the foreign currency paid to the holders of foreign shares by the Company should be handled in accordance with the regulations of relevant foreign exchange management in China. The distribution of Company dividends is implemented by the Board authorized by the general meeting through ordinary resolutions.

V. Pursuant to the regulations of the prevailing Enterprise Income Tax Law of the PRC and its implementation rules, the Company will withhold and pay income tax on behalf of these Shareholders when distributing the profit in accordance with relevant regulations.

VI. The Company's profit distribution policy aims at maximizing the value of the Company and the interests of Shareholders, in order to continuously and stably provide reasonable return on investment to Shareholders of the Company. The Company's Board will comprehensively consider the company's operating conditions, financial performance, cash flow conditions, investment demands and future development plans, decide whether to recommend the distribution of dividends and determine the amount of dividends. The Company intends to distribute dividends to Shareholders after each accounting year, and may also pay interim dividends or distribute special dividends at appropriate times.

The Board recommends the distribution of a final dividend of RMB0.1076 per share (tax inclusive) in cash for the year ended 31 December 2019 to shareholders whose names appear on the Company's register of members as at Tuesday, 9 June 2020. The abovementioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Friday, 29 May 2020, and is expected to be paid on Monday, 10 August 2020. Details of the dividend payment will be announced after holding of the Annual General Meeting.

DIRECTORS' REPORT

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2019 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited (香港中央結算(代理人)有限公司), other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) and relevant laws and regulations, if the individual H-share Shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H-share Shareholders should take the initiative to submit statements to the Company to enjoy the agreed treatment, and keep relevant data for future reference. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "**Southbound Trading**"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in properties, plants and equipments of the Company and its subsidiaries during the year are set out in Note 15 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 36(a) to the Financial Statements, among which, details of reserves distributable to the Shareholders are set out in Note 36(e) to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as at 31 December 2019 are set out in Note 28 to the Financial Statements.

DIRECTORS' REPORT

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth some information concerning the Directors, supervisors and senior management of the Company as at the latest practicable date.

Name	Position in the Company	Date of appointment/ re-election/resignation
Directors		
Jia Yanbing	Chairman of the Board	Appointed on 24 September 2019
	Executive Director	Appointed on 28 February 2019
Sun Jinbiao	Executive Director	Appointed on 15 November 2019
	President	Appointed on 24 September 2019
Liu Jinhuan	Non-executive Director	Re-elected on 6 July 2018
Yang Xiangbin	Non-executive Director	Re-elected on 6 July 2018
Zhang Xiaoliang	Non-executive Director	Appointed on 28 February 2020
Zhang Songyi	Independent Non-executive Director	Re-elected on 6 July 2018
Meng Yan	Independent Non-executive Director	Re-elected on 6 July 2018
Han Dechang	Independent Non-executive Director	Re-elected on 6 July 2018
Resigned Directors		
Qiao Baoping	Chairman of the Board and Non-executive Director	Resigned on 24 September 2019
Huang Qun	Executive Director	Resigned on 15 November 2019
Luan Baoxing	Non-executive Director	Resigned on 28 February 2020
Supervisors		
Yu Yongping	Chairman of the Supervisory Board	Appointed on 30 December 2019
	Supervisor	Re-elected on 6 July 2018
Hao Jingru	Supervisor	Appointed on 28 February 2020
Ding Yinglong	Employee Supervisor	Appointed on 15 August 2018
Resigned Supervisors		
Chen Bin	Chairman of the Supervisory Board	Resigned on 30 December 2019
	Supervisor	Resigned on 28 February 2020

Name	Position in the Company	Date of appointment/ re-election/resignation
Senior Management		
Sun Jinbiao	President	Appointed on 24 September 2019
Jia Nansong	Vice President, Board Secretary, Joint Company Secretary	Re-elected on 6 July 2018
Zhang Binquan	Vice President	Re-elected on 6 July 2018
Chang Shihong	Chief Accountant	Re-elected on 6 July 2018
Jin Ji	Vice President	Re-elected on 6 July 2018
Resigned Senior Management		
Jia Yanbing	President	Resigned on 24 September 2019

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 102 to 115 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors. The principal particulars of such service contracts include: (1) from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) subject to termination in accordance to the terms of respective contracts.

Each of the supervisors has entered into a contract in respect of compliance of relevant laws and regulations, Articles of Association and provisions on arbitration with the Company.

Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which could not be terminated without payment of compensation (other than statutory compensation) paid by the Company within one year.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, supervisors and senior management are set out in Notes 10 and 11 to the Financial Statements.

DIRECTOR INSURANCES

The Company has bought effective insurances for the Directors.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year or at any time during the year, there was no transaction, arrangement or contract of significance relating to the Group's business and still valid during the year or at the end of the year, in which the Company or its subsidiaries were a party, directly or indirectly involved in its formulation process, and in which a Director, supervisor or an entity connected with a Director or supervisor had a material interest subsisted.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

During the year of 2019 and as at the latest practicable date, save as disclosed below, none of the Directors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group:

Name of Director	Position in the Company	Other interests
Qiao Baoping (resigned on 24 September 2019)	Chairman of the Board and Non-executive Director	Chairman of CHN Energy (resigned)
Liu Jinhuan	Non-executive Director	Assistant to President and Director of Strategic Planning Department of CHN Energy Rights
Luan Baoxing (resigned on 28 February 2020)	Non-executive Director	Director of Finance and Property Department of CHN Energy
Yang Xiangbin	Non-executive Director	Director of Capital Operation Department of CHN Energy
Zhang Xiaoliang (appointed on 28 February 2020)	Non-executive Director	Director of the general office of the Communist Party Committee of CHN Energy (office of Board)
Yu Yongping	Chairman of the Supervisory Board and the Supervisor	Chief Auditor of CHN Energy
Hao Jingru (appointed on 28 February 2020)	Supervisor	Deputy head of Finance Department of CHN Energy

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

As at 31 December 2019, none of the Directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be registered in the register indicated in the section, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2019, so far as known to the Directors, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
CHN Energy	Domestic shares	Beneficial owner and interest of corporation controlled by substantial Shareholders	4,696,360,000 *(Note 2)* (Long position)	100	58.44
Wellington Management Group LLP	H shares	Investment manager	434,260,258 *(Note 3)* (Long position)	13.00	5.40
Wellington Management Group LLP	H shares	Investment manager	2,040,284 *(Note 4)* (Short position)	0.06	0.03

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
National Council for Social Security Fund (全國社會保障基金理事會)	H shares	Beneficial owner	233,758,000 (Long position)	7.00	2.91
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	233,061,172 *(Note 5)* (Long position)	6.98	2.90
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	2,706,000 *(Note 6)* (Short position)	0.08	0.03
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial Shareholders, investment manager, person having a security interest in shares and approved lending agent	231,564,723 *(Note 7)* (Long position)	6.93	2.88
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial Shareholders	16,619,590 *(Note 8)* (Short position)	0.50	0.21
JPMorgan Chase & Co.	H shares	Approved lending agent	178,066,383 (Shares in a lending pool)	5.33	2.22
The Bank of New York Mellon Corporation	H shares	Interest of corporation controlled by substantial Shareholders	219,912,875 *(Note 9)* (Long position)	6.58	2.74
The Bank of New York Mellon Corporation	H shares	Approved lending agent	215,499,035 (Shares in a lending pool)	6.45	2.68
T. Rowe Price Associates, Inc. and its Affiliates	H shares	Beneficial owner	196,748,000 (Long position)	5.89	2.45

Notes:

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 31 December 2019.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by CHN Energy while the remaining 93,927,200 shares were held by Guodian Northeast Electric Power Co., Ltd.* (國電東北電力有限公司), a subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by Guodian Northeast Electric Power Co., Ltd.* (國電東北電力有限公司).

3. Among these 434,260,258 H shares, 432,375,258 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 1,885,000 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

4. Among these 2,040,284 H shares, 2,036,148 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 4,098 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 38 H shares were held by Wellington Management Singapore Pte. Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

5. Among these 233,061,172 H shares, 1,129,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 6,223,336 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 40,219,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 63,691,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 13,676,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 4,864,902 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,814,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,089,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,967,332 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 245,000 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 171,000 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 365,000 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 18,867,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 51,152,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 20,741,868 H shares were held by BlackRock Investment Management (UK) Limited, an

indirect non-wholly-owned subsidiary of BlackRock, Inc., 6,072,210 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 744,731 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 28,000 H shares were held by BlackRock Asset Management (Schweiz) AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

6. Among these 2,706,000 H shares, 545,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,161,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

7. Among these 231,564,723 H shares, 418,000 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Amsterdam Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 2,016,372 H shares were held by J.P. Morgan AG, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,032,451 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Stockholm Bankfilial, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 10,454,547 H shares were held by JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 161,000 H shares were held by JPMORGAN ASSET MANAGEMENT (UK) LIMITED, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 10,338,000 H shares were held by J.P. Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,068,000 H shares were held by J.P. Morgan Bank Luxembourg, Copenhagen Br, filial af J.P. Morgan Bank Luxembourg S.A., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 141,549 H shares were held by J.P. Morgan Bank Luxembourg S.A. – Oslo Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,320,000 H shares were held by JPMorgan Chase Bank, N.A. – Sydney Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 13,304,000 H shares were held by J.P. Morgan Bank Luxembourg S.A., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 34,826,774 H shares were held by JPMorgan Chase Bank, N.A. – Hong Kong Branch, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 119,762,062 H shares were held by JPMorgan Chase Bank, National Association, a wholly-owned subsidiary of JPMorgan Chase & Co., 34,572,968 H shares were held by J.P. MORGAN SECURITIES PLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 2,149,000 H shares were held by J.P. Morgan (Suisse) SA, an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

8. These 16,619,590 H shares were held by J.P. MORGAN SECURITIES PLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share short positions held by its aforesaid subsidiary.

9. These 219,912,875 H shares were held by The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Accordingly, The Bank of New York Mellon Corporation was deemed as the owner of the H share equity interests held by its aforesaid subsidiary.

* *For identification purpose only*

ISSUE OF DEBENTURES

The debentures issued by the Company in 2019 are set out as below:

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
23 April 2019	Ultra short-term debentures	1000	Replacement of due loans
26 April 2019	Mid-term notes	2000	Replacement of due loans
3 June 2019	Ultra short-term debentures	1000	Replacement of due loans
17 June 2019	Mid-term notes	1000	Replacement of due loans
20 June 2019	Ultra short-term debentures	1000	Replacement of due loans
29 August 2019	Ultra short-term debentures	1000	Replacement of due loans
30 August 2019	Ultra short-term debentures	500	Replacement of due loans
26 September 2019	Mid-term notes	2000	Replacement of due loans
26 September 2019	Green ultra short-term debentures	500	Replacement of debts arising from relevant projects
29 September 2019	Ultra short-term debentures	1000	Replacement of due loans
25 October 2019	Ultra short-term debentures	1000	Replacement of due loans
28 November 2019	Short-term debentures	2000	Replacement of due loans

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during 2019.

SUBSEQUENT EVENTS

Since the last day of the reporting period, there have been no significant changes or subsequent events which need to be adjusted or disclosed in the financial statements.

CONNECTED TRANSACTIONS

Details of substantial connected transactions occurred during the reporting period of the Company are set out in the Connected Transactions section of this report.

DONATIONS

In 2019, the Group donated RMB800,000 in total. Its subsidiary Jiangyin Sulong Heat and Power Generation Co,. LTD made a donation of RMB800,000 to Xiagang education fund of Jiangyin Charity Association.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, the purchase from the Group's five largest suppliers in aggregate contributed 37.90% of the Group's total purchase for the year, among which, the total purchase from the largest supplier contributed 9.33% of the Group's total purchase for the year.

DIRECTORS' REPORT

For the year ended 31 December 2019, the sales to the Group's five largest customers in aggregate contributed 46.55% of the Group's total sales for the year, among which, the sales to the largest customer contributed 24.51% of the Group's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors or their associates or the Shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group in 2019 are respectively set out in Note 36(e) and Consolidated Statement of Changes in Equity to the Financial Statements.

REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest paid individuals of the Company in 2019 are set out in Note 11 to the Financial Statements.

MATERIAL CONTRACTS

Save as disclosed in the section headed Connected Transactions on pages 94 to 101 of this annual report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling Shareholder or any of its subsidiaries other than the Group, nor was there any material contracts between the Group and the controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services in 2019.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the end of 2019, none of the Directors or supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right.

ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2019, no arrangement for share pre-emptive right and share option was made by the Company.

EQUITY-LINKED AGREEMENTS

In 2019, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing new shares.

PERMITTED INDEMNITY PROVISION

In 2019, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors of the Company or any directors of the subsidiaries of the Company (if made by the Company). The Company has liability insurance coverage for certain relevant lawsuits for the Directors, supervisors and senior management.

ACCOUNTING POLICIES

Other than the new standards which took effect on 1 January 2019, the principal accounting policies adopted in the preparation of the Company's 2019 audited consolidated financial statements are consistent with the principal accounting policies for the preparation of the 2018 audited consolidated financial statements, details of which are set out in Notes 2 and 3 to the Financial Statements.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Group's retirement and employees benefit scheme are set out in Note 33 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a high standard of corporate governance practices and complying with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 167 to 199 of this annual report for details.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued share capital of the Company was held by the public as at the latest practicable date prior to the issue of this annual report, which was in compliance with the requirements under the Listing Rules.

AUDIT COMMITTEE

The 2019 annual results of the Group and the Financial Statements for the year ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Company.

AUDITORS

Ernst & Young and Baker Tilly China Certified Public Accountants LLP were appointed as the Company's auditors for the financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2019. The accompanying Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young. The Company has appointed Ernst & Young as its auditor since 20 June 2017 and appointed Baker Tilly China Certified Public Accountants LLP as its auditor since 21 December 2018.

By order of the Board
China Longyuan Power Group Corporation Limited*
Chairman of the Board
Jia Yanbing

Beijing, 27 March 2020

* *For identification purpose only*

CONNECTED TRANSACTIONS

Particulars of the major related party transactions of the Group for the year ended 31 December 2019 are set out in Note 40 to the Financial Statements.

Some of the aforementioned related party transactions also constitute connected transactions as prescribed under Chapter 14A of the Listing Rules and are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. The aforementioned connected transactions have complied with the requirements under Chapter 14A of the Listing Rules, particulars of which are as follow:

The connected transactions disclosed below constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange, and are thus subject to the relevant disclosure requirements. In relation to the connected transactions mentioned below, the Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcements disclosed on the website of the Hong Kong Stock Exchange and the website of the Company.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

In respect of the type 1 to type 2 non-exempt continuing connected transactions as set out below, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from complying with the announcement and independent Shareholders' approval requirements. For type 1 and type 2 non-exempt continuing connected transactions as set out below, the annual caps for each year from 2018 to 2020 have been approved at the first extraordinary general meeting in 2017 held on 15 December 2017. For type 3 non-exempt continuing connected transaction as set out below, it shall be subject to the reporting and announcement requirements under Rule 14A.35 of the Listing Rules, but exempt from independent Shareholders' approval requirements under Rule 14A.36 to Rule 14A.39 of the Listing Rules, and its annual caps for each year from 2019 to 2021 have been approved by the Board on 30 October 2018.

The table below sets out the annual caps and actual transaction amounts of such connected transactions for 2019:

Connected Transactions	Connected Persons	Annual Cap for 2019 *(RMB'000)*	Actual Transaction Amount for 2019 *(RMB'000)*
1. Provision of products and services by the Group	The former Guodian Group[1]	1,115,000	44,670
2. Provision of products and services to the Group	The former Guodian Group[1]	7,934,610	3,276,169
3. Provision of financial services to the Group	Guodian Finance	Loan Services: 5,000,000 of the grant integrated credit facilities Deposit Services: no more than 1,990,000 of the daily deposit balance (including any interest accrued thereon)	Loan Services: 50,000 of the balance of borrowings Deposit Services: 1,960,000 of the maximum daily deposit balance (including any interest accrued thereon)

1 Reference is made to the announcement of the Company dated 28 August 2018. Pursuant to the Consolidation Agreement between China Energy Investment Corporation Limited and China Guodian Corporation Ltd., the controlling Shareholder of the Company was changed to China Energy Investment Corporation. For details, please refer to the definition of "China Energy Investment Corporation Limited" or "CHN Energy" in the section headed GLOSSARY OF TERMS.

CONNECTED TRANSACTIONS

1. Provision of products and services by the Group

The Company entered into the New Guodian Master Agreement with the former Guodian Group on 9 November 2017. Pursuant to the agreement, the Group shall provide the former Guodian Group with products and services, mainly including wind power design and consulting services, technical services, spare parts of wind power equipment and wind power vocational training.

Material terms and conditions of the agreement are set out as follows:

- The provision of products and services by the Group to the former Guodian Group mainly includes wind power design and consulting services, wind power technical services, spare parts of wind power equipment and wind power vocational training;

- The terms for provision of products and services offered by the Group to the former Guodian Group are no better than those offered by an independent third party, or the terms for provision of products and services offered by the former Guodian Group to the Group are no less favourable than those offered by an independent third party;

- The settlement terms shall be determined separately and in line with market practice applicable to each specific transaction. The detailed settlement terms will be set out in separate agreements; and

- Relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of products and/or services to be provided and terms and conditions of providing such products and/or services according to the principles laid down in the New Guodian Master Agreement.

The New Guodian Master Agreement has a term of three years commencing on 1 January 2018 and expiring on 31 December 2020, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules.

The former Guodian Group was then a controlling Shareholder of the Company. Therefore, the former Guodian Group and its subsidiaries are connected persons of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2019 was RMB1,115,000,000 and the actual transaction amount was RMB44,670,000.

2. Provision of products and services to the Group

The Company entered into the New Guodian Master Agreement with the former Guodian Group on 9 November 2017. Pursuant to the agreement, the former Guodian Group shall provide the Group with products and services mainly including wind power generating units, turbine towers, cables, transformers and coals. For details of the major terms and conditions of the agreement, please refer to the relevant disclosure of the non-exempt continuing connected transaction set out in subsection 1 above.

Both of the historical and future transactions between the Company and the former Guodian Group are conductive to the operation and development of the Company's businesses. The long-term collaboration can save the adaptive cost for the Company. The Company purchases the products and services from the former Guodian Group and/or its associates in the ordinary and usual course of business. We have been using the products and services supplied by the former Guodian Group and/or its associates for several years and the former Guodian Group has provided us with stable supply for a long time. As such, the former Guodian Group and its associates can fully understand the requirements of our businesses and operation. Maintaining our stable and high quality supply of products and services is critical to our current and future production and operation.

The former Guodian Group was then a controlling Shareholder of the Company. Therefore, the former Guodian Group and its subsidiaries are connected persons of the Company under the Listing Rules.

During the reporting period, the annual cap of this continuing connected transaction for 2019 was RMB7,934,610,000 and the actual transaction amount was RMB3,276,169,000.

3. **Provision of financial services to the Group**

The Company entered into the New Financial Services Agreement with Guodian Finance on 30 October 2018, pursuant to which, the services provided by Guodian Finance to the Group include credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, bill acceptance and discount services, deposit services, finance lease, investment and banking consultation services, financial consultation and training services and other services.

The principal terms and conditions of the agreement are set out as follows:

- Guodian Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk so as to satisfy the payments needs of the Group;

- In respect of the provision of loan services under the New Financial Services Agreement, Guodian Finance will grant integrated credit facilities of RMB5 billion to the Group. The credit shall be utilised as working capital loans, syndicated loan, bill acceptance and discount, factoring and letter of guarantee, finance lease and etc. The interest rates for loan services shall be no lower than 10% below the benchmark interest rate and the loans shall be guaranteed by means of credit guarantee.

- In respect of the provision of the deposit services under the New Financial Services Agreement, the maximum amount of the daily deposit balance (including any interest accrued thereon) for the Group's deposits with Guodian Finance shall be RMB1.99 billion for each of the three years ending 31 December 2019, 31 December 2020 and 31 December 2021;

- The term of the New Financial Services Agreement shall be three years, i.e. from 1 January 2019 to 31 December 2021;

- Guodian Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles: (1) the interest rate for deposits of the same type for the same term as published by the People's Bank of China from time to time; and (2) the interest rates for deposits of the same type for the same term offered to the Group by other major independent commercial banks.

In view of the long-term collaboration between the Group and Guodian Finance, the Group is expected to benefit from Guodian Finance's familiarity with the industry and operations of the Group. Through years of collaboration, Guodian Finance is well-acquainted with the capital structure, business operations, fundraising needs, cash flow pattern, cash management and the entire financial management system of the Group, allowing Guodian Finance to provide more suitable, effective and flexible services to the Group than independent financial institutions. In the meantime, the commercial terms (including the rates) offered by Guodian Finance in respect of such transaction are no less favourable than those offered by domestic commercial banks for provision of similar services to the Group. The Group can earn interests out of the deposit transactions. As the Group has already deposited the remaining cash with a number of other independent financial institutions, the Company considers that the arrangement of deposits with Guodian Finance helps diversify the Group's deposits risk.

As CHN Energy directly and indirectly holds approximately 58.44% of the issued share capital of the Company, it is a controlling Shareholder as defined under the Listing Rules and thus a connected person of the Company. Guodian Finance is a subsidiary and, by virtue of this, an associate of CHN Energy, and is therefore a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under the Listing Rules.

During the reporting period, the annual cap of the maximum daily deposit balance for deposit services under this continuing connected transaction for 2019 was RMB1.99 billion (including any interest accrued thereon) and the actual maximum daily deposit balance was RMB1.96 billion; the annual cap for the integrated credit facilities of loan services for the year 2019 was RMB5 billion.

CONNECTED TRANSACTIONS

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company have reviewed each of the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

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

2. on normal commercial terms or, if there are no sufficient comparable transactions to determine whether the transaction terms are on normal commercial terms, on terms no less favourable to the Group than those available to or from independent third parties; and

3. in accordance with relevant terms of the transaction agreements, and the transaction terms are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

CONFIRMATION OF AUDITORS

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

Based on its work, the Company's auditor provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

(1) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board.

(2) for the continuing connected transactions entered into by the Company, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group.

(3) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(4) with respect to the aggregate amount of each of the continuing connected transactions disclosed above, nothing has come to the auditor's attention that causes the auditor to believe that such continuing connected transactions have exceeded the annual caps set by the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Jia Yanbing, aged 53, is the Chairman of the Board and an executive Director of the Company. He graduated from Northeast China Institute of Electric Power, holding a bachelor's degree in Engineering, and from Nankai University, holding a master's degree in Business Administration. He is a senior engineer. He acted as an executive Director of the fourth session of the Board of the Company since February 2019, and acted as the Chairman of the fourth session of the Board of the Company since September 2019. He joined the Group in 2018. Mr. Jia Yanbing had consecutively served as deputy general manager and general manager of Hebei No.1 Electric Power Construction Company (河北省電力建設第一工程公司); deputy head and head of the Engineering Construction Department (工程建設部) of China Guodian Corporation; and the team leader of the Party Committee Inspection Team of China Energy Investment Corporation Limited.

Mr. Sun Jinbiao, aged 48, is an executive Director and the President of the Company. He graduated from Beijing College of Economics (北京經濟學院) with a bachelor degree in economics and from The Open University of Hong Kong with a master degree in business administration. He is a senior economist. He acted as an executive Director of the fourth session of the Board of the Company since November 2019. He joined the Group in 2019. He successively served as deputy head and head of the Labor Insurance Division of the Human Resources Department, and deputy director of the Human Resources Department of China Guodian Corporation (中國國電集團公司); a member of the municipal standing committee and deputy mayor (titular position) of Huaibei City, Anhui Province; and secretary and deputy director of the Organization and Personnel Department (Human Resources Department) of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Liu Jinhuan, aged 57, is a non-executive Director of the Company. He graduated from Wuhan Technical Institute with a master's degree of Engineering in geotechnical engineering from the civil engineering and construction school and is a professorate senior engineer. He served as a non-executive Director of the third session of the Board of the Company from May 2018 to July 2018, and a non-executive Director of the fourth session of the Board of the Company since July 2018. Mr. Liu Jinhuan had served as the deputy general manager, general manager and the chairman of the board of directors of Gezhouba Group No. 1 Engineering Co., Ltd. (葛洲壩集團第一工程有限公司), the deputy executive superintendent of the Gezhouba Group Three Gorges Headquarter (葛洲壩集團三峽指揮部), the deputy general manager of Gezhouba Stock Company Limited (葛洲壩股份有限公司) and the general manager of Hubei Xiangjing Expressway Company Limited (湖北襄荊高速公路有限公司) concurrently, as well as the superintendent (general manager) of the Three Gorges Headquarter (construction contracting company) of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團公司), the deputy general manager of China Gezhouba Water Conservancy and Hydropower Engineering Group Co., Ltd. (中國葛洲壩水利水電工程集團公司), the general manager and chairman of the board of directors of Guodian Dadu River Hydropower Development Co., Ltd. (國電大渡河流域水電開發有限公司), and an assistant to president and head of Plan & Development Department of China Guodian Corporation, successively. Mr. Liu currently acts as an assistant to president and head of the Strategic Planning Department of China Energy Investment Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yang Xiangbin, aged 54, a non-executive Director of the Company, holds an MBA degree from the Open University of Hong Kong and is a senior accountant and a certified public accountant. He acted as a non-executive Director of the third session of the Board of the Company from August 2016 to July 2018 and a non-executive Director of the fourth session of the Board of the Company since July 2018. Mr. Yang Xiangbin had served as head of the Budget Office of the Finance Department of Heilongjiang Power Company Limited; deputy head and head of the Budget Office of the Finance and Ownership Department, deputy head of the Finance and Ownership Department and deputy head of the Financial Management Department of China Guodian Corporation; secretary of the Party committee, director and deputy general manager of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), vice chairman of Inner Mongolia Pingzhuang Energy CO., LTD (內蒙古平莊能源股份有限公司) (SZSE: 000780), and head of the Capital and Asset Management Department of China Guodian Corporation, successively. Mr. Yang currently serves as the head of the Capital Operation Department of China Energy Investment Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Xiaoliang, aged 48, a non-executive Director of the Company, graduated from Sichuan Union University with a master's degree in engineering. He is a senior political engineer. He acted as a non-executive Director of the fourth session of the Board of the Company since February 2020. He successively served as the deputy head and head of the Rights Protection Work Division of the Department of Communities and Youth's Rights Protection under the Central Committee of the Communist Youth League of China (團中央社區和維護青少年權益部); the head of the Research Department of the Research Office of the National Academy of Governance (國家行政學院); the deputy director of the General Office, the director of the Information Center, the director of the Board of Directors Office (Reform Office), and the director of the Board of Directors Office (Party Group Office, Reform Office) of China Guodian Corporation (中國國電集團公司). Mr. Zhang currently serves as the director of the Party Group Office (Board of Directors Office) of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Songyi, aged 64, is an independent non-executive Director of the Company. He holds a Juris Doctor degree from Yale University. He acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012, an independent non-executive Director of the second session of the Board of the Company from July 2012 to July 2015, an independent non-executive Director of the third session of the Board of the Company from July 2015 to July 2018, and an independent non-executive Director of the fourth session of the Board of the Company since July 2018. Mr. Zhang Songyi practiced law at Milbank, Tweed, Hadley & McCloy LLP from 1985 to 1993. He was the vice president, executive director, managing director, and head of joint department of Morgan Stanley Asia Limited, a director of Athenex, Inc. (NASDAQ: ATNX) and a non-executive director of Jimu Group Limited (積木集團有限公司) (formerly known as "Ever Smart International Holdings Limited" (「永駿國際控股有限公司」), renamed on 12 February 2018) (HKSE: 8187). Mr. Zhang is currently an independent non-executive director of China Renewable Energy Investment Limited (中國再生能源投資有限公司) (HKSE: 0987), a director of Sina Corporation (NASDAQ: SINA) and the chairman of Mandra Capital.

Mr. Meng Yan, aged 64, is an independent non-executive Director of the Company. He holds a doctorate degree in Economics (Accounting) from the Research Institute for Fiscal Science of the Ministry of Finance and the qualification of PRC Certified Public Accountant. He acted as an independent non-executive Director of the first session of the Board of the Company from July 2009 to July 2012, an independent non-executive Director of the second session of the Board of the Company from July 2012 to July 2015, an independent non-executive Director of the third session of the Board of the Company from July 2015 to July 2018, and an independent non-executive Director of the fourth session of the Board of the Company since July 2018. Mr. Meng received the special government allowance from the State Council in 1997. Mr. Meng used to act as the dean of the School of Accountancy of Central University of Finance and Economics, an expert consultant for accounting standards, an expert consultant for management accounting and an expert for enterprise performance evaluation at the Ministry of Finance, and an independent director of each of Wanhua Chemical Group Co., Ltd. (萬華化學集團股份有限公司) (SSE: 600309) and COFCO Property (Group) Co., Ltd. (中糧地產集團股份有限公司) (SZSE: 000031). Currently, Mr. Meng Yan serves as a professor and a tutor of doctorate candidates in the School of Accountancy of Central University of Finance and Economics, an independent non-executive director of Jolimark Holdings Limited (映美控股有限公司) (HKSE: 2028), an independent director of Beijing Bashi Media Co., Ltd. (北京巴士傳媒股份有限公司) (SSE: 600386), independent director of Beijing Capital Co., Ltd. (北京首創股份有限公司) (SSE: 600008), an independent non-executive director of China Isotope & Radiation Corporation (中國同輻股份有限公司) (HKSE:1763) and an independent non-executive director of Sinotrans Limited (中國外運股份有限公司) (HKSE: 598).

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Han Dechang, aged 64, is an independent non-executive Director of the Company. He is a tutor of doctoral candidates and has a doctorate degree in Economics. He acted as an independent non-executive Director of the second session of the Board of the Company from May 2014 to July 2015, an independent non-executive Director of the third session of the Board of the Company from July 2015 to July 2018, and an independent non-executive Director of the fourth session of the Board of the Company since July 2018. Mr. Han Dechang was admitted to the Faculty of Economics of Nankai University majoring in politics and economics in 1979 and became a teacher of the Faculty after his graduation with a bachelor's degree in 1983. During that time, he obtained his master and doctorate degrees in Economics. Mr. Han Dechang served as a lecturer in 1988 and then was promoted as an associated professor in 1992. In 1997, he was promoted as a professor and re-designated from the School of Economics to Business School taking the position of dean of the department of marketing in the same year due to restructuring of discipline. Then, he served as the deputy dean of the Business School and director of EMBA centre. Mr. Han Dechang currently serves as a member of the academic degree committee and titles assessment and employment committee of Nankai University. Mr. Han Dechang also works as the vice chairman of the Tianjin Marketing Association, an executive director of the China Marketing Association and the vice chairman of the Chinese Universities Pricing and Teaching Association.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Yu Yongping, aged 59, is the chairman of the Supervisory Board of the Company. He graduated from Liaoning Institute of Finance and Economics majoring infrastructure finance and credit with a bachelor's degree in Economics. He is a senior accountant. Mr. Yu acted as a supervisor of the first session of the Supervisory Board of the Company from July 2009 to July 2012, a supervisor of the second session of the Supervisory Board of the Company from July 2012 to July 2015, a supervisor of the third session of the Supervisory Board of the Company from July 2015 to July 2018, and a supervisor of the fourth session of the Supervisory Board of the Company since July 2018, and the chairman of the fourth session of the Supervisory Board of the Company since December 2019. Mr. Yu had served as accountant of Finance Division of Machinery Manufacturing Construction Bureau of the Ministry of Water Resources and Electric Power. He had also served in the Emigration and Development Bureau of the State Council Three Gorges Project Construction Committee as deputy head and head of Finance Division of Financial Planning Department, deputy head of Planning Department, deputy head of Resettlement Department, and assistant ombudsman of General Office. He held positions as the head of Market Development Division of Marketing Department of China Guodian Corporation, secretary of the Party Committee and vice president of Guodian Finance Co, Ltd., vice president and chief accountant of Guodian Northeast Electric Power Co., Ltd. (國電東北電力有限公司), deputy head of Finance and Ownership Department and head of Audit Department of China Guodian Corporation. Mr. Yu is currently the chief auditor of China Energy Investment Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Hao Jingru, aged 53, is a supervisor of the Company. Ms. Hao graduated from Party School of the Central Committee of CPC with a master's degree in engineering. She is a senior accountant. She acted as a supervisor of the fourth session of the Supervisory Board of the Company since February 2020. She successively served as the deputy financial manager of Shenhua Shendong Coal Group Co., Ltd. (神華神東煤炭集團有限責任公司); person in charge of budget and business performance of the Finance Department, director of the Budget and Business Performance Division of the Finance Department, and deputy general manager of the Finance Department of Shenhua Group Corporation Limited (神華集團有限責任公司); deputy general manager of the Finance Department of Shenhua Group Corporation Limited; deputy general manager of the Financial Department of China Shenhua Energy Company Limited (中國神華能源股份有限公司); financial controller and deputy general manager of China Shenhua Coal-to-liquid and Chemical Company Limited (中國神華煤製油化工有限公司); and associate director of the Finance and Property Department of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司). Ms. Hao currently serves as the associate director of the Finance Department of China Energy Investment Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Ding Yinglong, aged 42, is an employee supervisor of the Company. Mr. Ding graduated from North China Electric Power University with a master's degree in Business Administration and is a senior engineer. He has acted as an employee supervisor of the fourth session of the Supervisory Board of the Company since August 2018. Mr. Ding successively served as the deputy manager of the sales department and the deputy manager (in charge) of the wind power repair department (風電檢修部) of Zhongneng Power-Tech Development Company Limited (中能電力科技開發有限公司), the deputy manager (in charge) of the spare parts department and the manager of the comprehensive management department of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited (北京中能聯創風電技術有限公司), a deputy-division-head level staff of Guodian Power Research Institute (國電能源研究院) (Guodian Group Technical and Economic Consulting Centre (國電集團技術經濟諮詢中心)), the deputy director (in charge) and the director of the general office of the Company. Mr. Ding is currently the head of the organisation department of the Party Committee (human resources department) of the Company.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Sun Jinbiao, is an executive Director and the President of the Company. Biographical details of Mr. Sun Jinbiao as at the date hereof are set out on page 102 of this annual report.

Mr. Jia Nansong, aged 57, is a vice president, the Board secretary and one of the joint company secretaries of the Company. He graduated from North China Electric Power University majoring in Engineering and served as a senior engineer. He joined the Group in 1994. Mr. Jia held positions in the Electric Power Planning and Design Institute and the Information Centre of the Ministry of Electric Power. He also successively served as the deputy manager of Technical Development Department, the manager of the Market Exploitation and Technical Development Department, the manager of the Project Development Department and the manager of the Technical Development Department of China Longyuan Electric Power Group Corporation as well as the standing vice president of Long yuan West Heat. He was also the manager of the Human Resource Department and the Auditing Supervision Department, the deputy chief economist and the assistant to president as well as the director of the Office of President of China Longyuan Electric Power Group Corporation, and the Board secretary and one of the joint company secretaries of China Longyuan Power Group Corporation Limited*.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Binquan, aged 56, is a vice president of the Company. He graduated from Harbin Institute of Technology and Yanshan University with a master's degree in Public Administration. He is a senior engineer. Mr. Zhang joined the Group in 2014. He has served successively as project manager of the import department of China Great Wall Industry Corporation (中國長城工業公司), project manager of CITIC International Cooperation Co., Ltd. (中信國際合作公司), general manager assistant and deputy general manager of Guodian Longyuan Power Technology & Engineering Co., Ltd. (國電龍源電力技術工程公司), manager of planning department and manager of operation and development department of Guodian Technology & Environment Group Company (國電科環集團公司), general manager of Guodian Ningxia Solar Co., Ltd. (國電寧夏太陽能有限公司) and deputy general manager of Guodian Technology & Environment Group Corporation Limited (國電科技環保集團有限公司) (HKSE: 1296), and concurrently served as the general manager of Guodian United Power Technology Co., Ltd. (國電聯合動力有限公司) in the period.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chang Shihong, aged 45, is the chief accountant of the Company. Mr. Chang graduated from Dongbei University of Finance & Economics with a master's degree in Accounting. He is a senior accountant. Mr. Chang joined the Group in 2009. Mr. Chang had successively worked as a member of the Party Committee and the chief accountant of Guodian Datong No. 2 Power Plant, deputy head (in charge) of Finance Division of Finance and Ownership Department of China Guodian Corporation, deputy head (in charge) of Accounting Division of Finance Management Department of China Guodian Corporation, director of Finance and Property Right Management Department of China Longyuan Electric Power Group Corporation, and director of Finance and Property Right Management Department and deputy chief accountant of China Longyuan Power Group Corporation Limited*.

Mr. Jin Ji, aged 50, is the vice president and chairman of labour union of the Company. Mr. Jin graduated from the Graduate School of Party School of the Central Committee of C.P.C. majoring in Economic Management, and is a senior economist. Mr. Jin joined the Group in 1994. He used to work in Tianshenggang Power Plant and Tianshenggang Power Generating Co., Ltd. (天生港發電有限公司), and he had successively served as the vice general manager, general manager and secretary of the Party committee of Jiangsu Longyuan Wind Power Generation Co., Ltd.

JOINT COMPANY SECRETARIES

Mr. Jia Nansong, is the Board secretary of the Company and one of the joint company secretaries. He has profound knowledge and deep understanding of the PRC power industry and abundant operation and management experience. Biographical details of Mr. Jia Nansong as at the date hereof are set out on page 112 of this annual report.

Ms. Chan Sau Ling, was appointed as one of the joint Company secretaries on 26 October 2017. She is a director of the Corporate Services Division of Tricor Services Limited (卓佳專業商務有限公司) ("Tricor"). Ms. Chan is a chartered secretary and a fellow of both The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. Ms. Chan has extensive experience in the corporate service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. (Note: The Company has engaged Tricor as external service provider and appointed Ms. Chan Sau Ling as the Company's joint company secretary.)

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

By integrating the concept of Environmental, Social and Corporate Governance responsibility into our corporate strategy and operating practices, the Group has actively implemented the energy-saving and emission-reduction policies on a continuous basis, practically fulfilled its social responsibility as a world-class new energy company with global competitiveness. We adhere to the management philosophy of "Leadership of Party building, advantage Development, Talent thriving enterprise, Innovation, Safety first, Responsibilities, efficient Implementation, lifelong Study, Anti-corruption practices and Green Care", and the environmental protection policy of "environmental Protection, pollution Prevention, legal Management and sustainable Development in green power". In the process of developing renewable energy, we exert great efforts in establishing a mechanism of the clean development, continuously strengthen the environmental protection and fulfill the environmental responsibilities. While striving to shape the Company's image with green and low-carbon characters, we supply clean energy for promotion of beautiful environment and ecological civilization to create shared value for the society and achieve sustainable development with the society.

CONTENTS

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

I. REPORT INTRODUCTION

This Environmental, Social and Corporate Governance (ESG) report emphasizes on the disclosure of information in relation to environment and social responsibility of the Company, and ensures compliance with the requirements under the ESG Reporting Guidelines (環境社會及管治報告指引) of The Stock Exchange of Hong Kong Limited and each stakeholder of Longyuan Power. The report will be published in Chinese and English that covers the period from 1 January to 31 December 2019.

This report is a document incorporated into the annual report of Longyuan Power which is available for inspection at www.clypg.com.cn. Particulars concerning corporate governance are set forth in the annual report for 2019 financial year from page 167 to page 199.

1.1 Scope of the Report

Unless otherwise specified, all cases and data in the report are originated from China Longyuan Power Group Corporation Limited and its subsidiaries (collectively referred to as the "Group") as well as their associates.

1.2 Assurance on Reliability of the Report

The Company assures that this report does not contain any false or misleading information. In case of any opinions or suggestions on the report, you are welcome to email or call us so as to help us make continuous improvements.

1.3 Stakeholders' Engagement and Important Issues

The Group regularly assessed important issues through its own risk management system, and sorted out, classified and subdivided them one by one to the implementation level. These issues will be further clarified, resolved and improved under the Company's control.

The Group met with each stakeholder on a regular basis, listened to feedback and resolved different issues, and then conducted targeted analysis in order to respond to the expectations of each stakeholder.

Main Stakeholders	Goals and Concerns	Main Communication Channels
Government and regulatory authorities	• Operational compliance and tax compliance • Safe production and stable supply • Implementation of energy-saving and emission-reduction tasks • Targeted poverty alleviation • Providing employment	• Information disclosure • Official correspondence • Conference and forum • Visiting reception
Shareholders and investors	• State-owned assets preservation and appreciation • Sustainable business development • Financial performance	• Financial reports; • Announcements and drafts • Meetings such as general meeting and Board meeting
Staff	• Rights and interests protection • Career development • Self-actualization • Salary and welfare • Corporate culture	• Employee representatives of Supervisory Board • Labour unions at various levels • Staff representatives assembly • Training

Main Stakeholders	Goals and Concerns	Main Communication Channels
Suppliers and contractors	• Open, equitable and fair procurement; • Good faith • Goodwill and ethics	• Public tender • Price enquiry and comparison for procurement
Customers and partners	• Keeping promises for mutual benefit and win-win • Responsibility for products • Service quality	• Regular communication • Negotiations and agreements • Official correspondence
Public and communities	• Social public welfare • Protection of ecological environment in communities • Community construction • Common development	• Targeted poverty alleviation • Soil and water conservation • Cooperation and joint construction • Public service activities

Important issues are set out below:

- Emission index
- Soil and water conservation
- Climate change
- Corporate governance
- Talent policy
- Labour standards
- Diversity and equal opportunities
- Health and safety
- Supplier’s environmental performance
- Waste recycling
- Energy consumption
- Water conservation

II. WORLD-CLASS NEW ENERGY COMPANY WITH GLOBAL COMPETITIVENESS

By upholding the principle of "development for the top priority", the Group makes overall plans for and coordinates resources and environmental protection in the course of development, and regulates and controls the relationship between development speed and project quality as well as scale expansion and economic benefits in line with compliance regulations. Over the years, we have established an image of a credible, enterprising and harmonious new energy company, based on which we have kept on with our goal of building a world-class new energy company with global competitiveness.

As a leader in the new energy field of the PRC, the Group has always attached great importance to shouldering corporate social responsibility and deemed it as an important component for its fulfillment of the mission of "developing clean energy and building a Beautiful China" and realisation of the strategic goal of "building an international first-class new energy company with global competitiveness". Furthermore, we have also proactively explored the concept of corporate social responsibility and the practice thereof, and are committed to the mutual promotion of enterprise's discharge of responsibility and operation. Aiming at sustainable development and maximizing comprehensive value, we adopted the way of all staff participation and all-rounded integration, and implemented the concept of corporate social responsibility in terms of enterprise decisions, systems and procedures, business operation, daily administration and enterprise culture through the transparent and ethical enterprise behaviors. We continuously promoted the fulfilment of corporate social responsibility and enhanced the comprehensive value creativity, operation transparency and brand influence in an all-rounded way, thus establishing the image of a credible, enterprising and harmonious new energy enterprise.

2.1 Wind Power – Green and Clean Energy

The Group is a new energy-oriented integrated power generating group with a large scale, owning more than 300 wind farms, 8 photovoltaic power plants and 2 coal-fired power plants, as well as biomass, tidal and geothermal power and other generation projects throughout the country. The new energy power generation of the Group is an environment-friendly business that protects the environment without consumption of resources including fossil fuels and water or discharge of waste or greenhouse gases, pollutants or hazardous wastes. It has no material adverse impact on the environment and natural resources.

2.2 Energy-saving and Emission-reduction

Coal-fired power plants

We strictly comply with the national uniform environmental protection laws, regulations and policies and proactively undertake the environmental protection responsibilities of energy-saving and emission-reduction. In 2019, there was no violation of national environmental laws, regulations and policies. While developing new projects according to the development and changes in market conditions, the Group also paid attention to energy-saving and emission-reduction, striving to maximize green benefits. Meanwhile, the Group took energy-saving technical measures against its only 2 coal-fired power plants by advancing technological innovation. In 2019, the Group strictly complied with the national standards on emission of air pollutants, namely GB 13223–2011 Emission Standard of Air Pollutants for Thermal Power Plants (火電廠大氣污染物排放標準), and realised up-to-standard emission.

The emission of two coal-fired power plants under the Group is as follows:

Details of Emission Items		Data in 2019 Total quantity (Tonne)	Density (g/kWh)	Increase or Decrease Compared to 2018 Total quantity (Tonne)
Pollutant	CO_2	9,455,439	992.121	-346,792
	SO_2	721	0.076	102
	Oxynitrides	1,653	0.173	166
	Dust	58	0.006	11
Energy Consumption	Water consumption *(Tonne)*	7,388,688	775.265	86,968
	Oil consumption *(Tonne)*	710	0.074	-37
	Standard coal consumption *(Tonne)*	3,392,901	356.003	-136,402

In 2019, both coal-fired power plants operated with ultra-low emissions. We have been saving energy and reducing consumption through intensified management and optimised operation, etc. Compared with 2018, the total CO2 emission of coal-fired power plants in 2019 reached 9,455,439 tonnes, as much as the CO2 emission volume of 3.1 million regular gasoline-powered vehicles in one year, representing a decrease of 3.54% as compared to 2018.

In 2019, the comprehensive utilisation ratio of ash in the coal-fired power plants of the Group was 100% and the ash was used for road construction and cement concrete manufacturing, etc. As a power generation conglomerate, energy consumption of the Group mainly includes the service power utilisation in the process of power generation apart from the coal consumption of the coal-fired power plants and a modicum of fuel consumption of the renewable energy enterprises, and water consumption mainly consists of the water needed in the cooling process and the water steam used to drive the turbine during the process coal-fired power generation. We have strictly observed the state laws and regulations and exerted stringent control over the consumption of service power. We have been saving energy and reducing consumption through intensified management and optimised operation.

In 2019, the comprehensive service power utilisation ratio for the entire Group was 3.92%, representing a decrease of 0.01 percentage point as compared to 2018. The two coal-fired power plants are located in regions with abundant water resources, and the water consumption of both two coal-fired power plants in 2019 increased by 1.18% as compared to 2018. The reason was that the coal yard of the plant has been transformed from the open air project to the fully closed and rooftop photovoltaic one and the anti-leakage project of the ash plant increased the water consumption for personnel and construction. Oil consumption of the two coal-fired power plants decreased by 37 tonnes in 2019.

In 2019, the group has completed the transformation of non-overflow self-cooling scraper dredger of the two coal power segments, the closed circulation of ash slag cooling water, as well as the transformation and pipeline rearrangement of fire water and domestic water pipe network system in the plants, which eliminated underground leakage and saved fresh water. In 2020, the coal-fired power plants of the Group intent to carry out comprehensive wastewater treatment.

Wind power enterprises

The Group is principally engaged in green power generation. In the year of 2019, wind power and renewable energy power generation reached 41,205,185 MWh, which equated to the reduction of CO2 discharge in the amount of 40,880,536 tonnes, roughly as much as the CO2 discharge volume of 13.60 million gasoline-powered vehicles in one year. The hazardous waste is mainly waste engine oil, all recycled by the professional third-party recycling institutions in accordance with the operating regulations.

Biomass enterprises

Lianyungang Atmospheric Office [2018] No.7 Notice on Issuing and Distributing 2018 Work Plan on "Winning the Battle for Blue Sky Protection" (關於印發連雲港市"打贏藍天保衛戰"二零一八年工作計劃的通知) requires all the biomass power generation enterprises in the city to complete the transformation of ultra-low emission by the end of 2019 by referring to the ultra-low emission standards of coal-fired power enterprises. Under the influence of this notice and the National Day activities of 2019, Donghai Longyuan Biomass of the Group began to suspend production in August 2019.

The Group plans to upgrade the parameters of generating units of Donghai Longyuan Biomass to improve the power generating efficiency and solve the emission problem. The project, with a total investment of about RMB72 million, has been organized and implemented. The transformation is expected to be completed by mid-term of 2021.

2.3 Climate Change

We are fully aware that the carbon dioxide generated by the burning fossil fuels for power generation by coal-fired power plants may cause extreme climate or natural disasters such as global warming and sea level rising, which must be effectively controlled. With global warming becoming increasingly prominent, reducing greenhouse gas emissions and low-carbon development will be the inevitable trend of global development.

While focusing on the development of new energy, the Group attached great importance to the carbon emission management of the only two coal-fired power plants, and clarified a special management department at the Group level and set up a professional carbon asset company for expertise services. In recent years, the Group has been unremittingly conducting research on the emission law of coal-fired power plants through carbon audit, carbon trading and scientific and technological research, committed to energy-saving transformation to reduce the greenhouse gas emissions, and actively responded to global climate change.

2.4 Harmonious Environment

Lucid waters and lush mountains are invaluable assets. The Group has been pursuing the concepts of green development and committed to the development of clean energy. It actively implements national policies on energy saving and emission reduction. While developing green energy, it put great efforts in the establishment of the clean development mechanism. In addition, it consistently strengthened environmental protection, earnestly performed responsibilities in respect of environmental protection, set clear management rules on environmental protection, enhanced environmental control and took various measures for consolidating environmental protection in project construction and operation.

Emphasis on soil and water conservation. The Group held soil and water conservation work meeting on a regular basis, strengthened the process management of the project construction with strict quality acceptance of the process, supervised and urged the subordinate units of the Group to improve their environmental protection awareness and put water conservation and environmental protection management of the engineering construction and engineering safety and quality management in the equally important position.

Strict noise control. In the construction of wind farms, the Group strengthened its equipment maintenance to lubricate machinery, reduce the noise of excavators, concrete mixers and bulldozers, and minimize the noise caused by the maintenance of construction equipment. After the completion of wind farms, attention was paid to the reduction of mechanical noise in units caused by wind turbines in operation. Our noise control in these two aspects meet the Class I standards on noise in daytime and at night under the Environmental Quality Standard for Noise (聲環境質量標準) (GB3096–2008), causing no influence on surrounding residents.

Protection of creatures. During the development and construction of wind farms, the Group emphasized the control over the influence of wind turbine on the migration of birds and ensured sufficient space between wind turbines to allow safe passage of birds. In addition, warning colors were used to minimize the probability of hit of birds against blades at night. In the construction and operation of offshore wind farms, we attached great importance to the protection of marine and fishery resources and promoted the breeding and growth of fish resources by way of freeing fries regularly. Meanwhile, we kept a close eye on the changes in biological resources in the reservoir areas in which tidal power plants are located to ensure normal growth of relevant creatures.

The Group actively built environment-friendly enterprises, promoted the harmonious development of new energy and the ecological environment, and ensured no environmental safety accidents and no “arrears” in environmental protection and water conservation. The Group committed to supply clean electricity, and in addition, it effectively controlled noise and greenhouse gas emissions, planted trees and cleaned up garbage, protected local ecological balance, and strictly adhered to the ecological red line and the bottom line of environmental protection.

2.4.1 The subordinate units carried on water and soil conservation and the vegetation restoration.

2.4.2 Gansu Longyuan employees participated in the public welfare tree planting activities.

2.4.3 Yunnan Longyuan volunteers went to the embankment dam of Dian Lake to carry out garbage collection activities for the protection of Dian Lake.

2.4.4 Jiangsu Offshore Longyuan successfully organized a breeding and releasing activity for the marine ecological restoration of Dafeng (H12) 200MW offshore wind power project, and released 8.57 million fish fry for the year.

2.4.5 Longyuan Jiangxi carried out the activity of "Afforestation Action to Highlight the Beauty in Youth".

2.5 Low-Carbon Action

The Group has been actively promoting low carbon living and its philosophy by nurturing and propelling voluntary reduction in domestic society, giving support to enterprises which are willing to cut back on carbon emission voluntarily or refraining from personal emission of carbon, so as to expedite the development of low-carbon living. The Group advocated the concept of "green office", carried out paperless office and paperless conference to create a good atmosphere of green office. In addition, the Group guided the staff to live a low-carbon life, save resources and protect the environment. It has organized 130 employees of the headquarters and units in Beijing to carry out low-carbon walking activities.

2.5.1 The headquarters of the Group carried out the healthy long walk activity of "Happy Walking • Chasing the Dream of Longyuan" in the Olympic park.

2.5.2 Longyuan (Beijing) Carbon Assets participated in the carbon quota meeting organized by the Ministry of Ecology and Environment.

III. TALENT THRIVING ENTERPRISE

3.1 Introduction

Human resources are at the core of all resources for an enterprise. Excellent talents are precious wealth of the Group and the fundamental power for our continued high-speed development. The Group gives priority to professional ethics and occupational skills when hiring employees. Concurrence with our enterprise culture and being passionate on the job are basic requirements.

The Group further carried out the Green Care Action. It improved the working environment and living conditions for the front-line production staff, relaxed the restrictions on the incorporation of the front-line employees in difficult regions into the advanced study and recreation systems for model workers and thoroughly implemented the system of employee fraternal funds, which enhanced the staff's sense of belonging and the enterprise cohesiveness.

3.2 Employment Norms

The Group strictly abides by the Labour Contract Law (勞動合同法) in its labour and employment policies and has formulated the Administrative Measures for Employment (勞動用工管理辦法) based on the Labour Contract Law. The Group adopts campus recruitment for fresh graduates and social open recruitment and carries out checks and verifications over the applicants in the recruiting process in close compliance with the Provisional Measures on Recruitment, Allocation and Management of Employees (員工招聘及調配管理暫行辦法) and the Administrative Measures for Employment (勞動用工管理辦法) issued by CHN Energy. The Group has never had any child labour exploitation and forced labour ever since its incorporation.

3.3 Staff of the Group

As at 31 December 2019, the Group had a total of 7,834 staff, of which 6,653, or 84.92%, were male, while 1,181, or 15.08%, were female. The staff structure is as follows:

Table 1: Analysis of the Group's staff by business segments

No.	Business segments	Number of staff in 2019	Percentage	Number of staff in 2018	Percentage
1	Overall management	153	1.95%	149	1.96%
2	Wind power business	5,169	65.98%	4,893	64.30%
3	Coal power business	1,889	24.11%	1,933	25.40%
4	Technical and related services business	354	4.52%	347	4.56%
5	Other renewable energy	269	3.44%	288	3.78%
Total		7,834		7,610	

Table 2: Analysis of the Group's staff by academic qualifications

No.	Academic qualifications	Number of staff in 2019	Percentage	Number of staff in 2018	Percentage
1	Postgraduate and above	496	6.33%	458	6.02%
2	Undergraduate	4,496	57.39%	4,178	54.90%
3	College diploma	1,786	22.80%	1,717	22.56%
4	Technical secondary school and below	1,056	13.48%	1,257	16.52%
Total		7,834		7,610	

Table 3: Analysis of the Group's staff by age

No.	Age	Number of staff in 2019	Percentage	Number of staff in 2018	Percentage
1	56 years old and above	253	3.23%	205	2.69%
2	46–55 years old	1,312	16.75%	1,247	16.39%
3	36–45 years old	1,236	15.78%	1,417	18.62%
4	35 years old and below	5,033	64.24%	4,741	62.30%
Total		7,834		7,610	

Table 4: Analysis of the Company's staff by academic qualifications

No.	Academic qualifications	Number of staff in 2019	Percentage	Number of staff in 2018	Percentage
1	Postgraduate and above	65	45.77%	76	54.29%
2	Undergraduate	70	49.30%	58	41.43%
3	College diploma	5	3.52%	5	3.57%
4	Technical secondary school and below	2	1.41%	1	0.71%
Total		142		140	

Table 5: Analysis of the Company's staff by age

No.	Age	Number of staff in 2019	Percentage	Number of staff in 2018	Percentage
1	56 years old and above	12	8.45%	8	5.71%
2	46–55 years old	32	22.53%	34	24.29%
3	36–45 years old	47	33.10%	46	32.86%
4	35 years old and below	51	35.92%	52	37.14%
Total		142		140	

3.4 Diversity and Equal Opportunities

The Group has been committing to creating a diverse and equal employment environment with full respect for individual differences, including nationality, gender, cultural background and religious beliefs. In 2019, the number of female employees was at 15.08%. Women accounted for approximately 25% of the Group's middle-level and above management personnel, and they played an important role in the Group's business. In addition, the Company had 13 foreign employees. We believe that enterprises and employees will develop together and achieve a win-win result in this diversified cultural atmosphere.

3.5 Staff Motivation

In order to cater to its development needs, the Group, on the basis of its existing position-based accountability system, has further perfected an effective mechanism for staff performance appraisal and management. Standardisation of the establishment for the organisation of the enterprise and the allocation of personnel to positions were promoted by adhering to the headcount standard in evaluating headcount. By maintaining a clear division of the Group's objectives for the year, identification of the performance targets of different positions, formulation of performance assessment standards, appraisal of staff performance in an objective and accurate manner, stimulation of the potential and enthusiasm of the employees, the Group has made clear its approach of stressing on both motivations and regulations.

The critical illness insurance set up by the Group for its staff is an important component of the medical insurance system of the PRC and an important measure for the Group to implement the scientific outlook on development and thoroughly execute the "people-benefit project". To reduce the cost of medical services of staff suffering from outbreak of critical illness and eliminate their worries, we have referred to the Guidelines on Establishment of "Sunshine Huimin Welfare Plan (陽光惠民福利保障計劃)" of CHN Energy, and set up the "Sunshine Huimin Welfare Plan", which provided protection with insurance covering 40 kinds of critical diseases, term life insurance, accident insurance, traffic accidental injuries and so forth. Meanwhile, the Group also organised its enterprises to take out insurance policies. In 2019, 18 cases of insurance claims were settled for the Company and quenched the thirst of our employees and their family members, thus safeguarding the health of employees of the Company.

In 2019, the Group granted 10 enterprises the first-class incentive fund and 22 enterprises the second-class incentive fund in recognition of units and personnel who made outstanding achievements in project development, engineering construction, safe production, economic operation, marketing, management innovation, capital management and capital operation, technological research, development and advancement and major awards.

As at the end of 2019, the Group recorded 142 cases of staff turnover and the turnover rate (staff turnover rate =number of outgoing staff/(headcount as at the beginning of the Reporting Period + the number of new recruits in the year)) was 1.77%. Particulars of the staff turnover proportion are set out below:

Table 6: Information of the Group's staff turnover

			Age			
No.	Company name	Staff turnover	35 years old and below	36–45 years old	46–55 years old	56 years old and above
	China Longyuan Power Group Corporation Limited (collectively)	142	96	31	15	0
1	The headquarters of China Longyuan Power Group Corporation Limited	7	1	5	1	
2	Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司)	4	2	2		
3	Nantong Tianshenggang Power Generation Co., Ltd. (南通天生港發電有限公司)	14	1	4	9	0
4	Xinjiang Longyuan Wind Power Generation Co., Ltd. (新疆龍源風力發電有限公司)	5	5			
5	Inner Mongolia Longyuan Mengdong New Energy Co., Ltd. (內蒙古龍源蒙東新能源有限公司)	2	2			
6	Hebei Longyuan Wind Power Generation Co., Ltd. (河北龍源風力發電有限公司)	4	4			
7	Heilongjiang Longyuan New Energy Development Co., Ltd. (黑龍江龍源新能源發展有限公司)	13	6	6	1	0
8	Guodian Youyi Biomass Power Co., Ltd.(國電友誼生物質發電有限公司)	4	4			
9	Gansu Longyuan Wind Power Generation Co., Ltd. (甘肅龍源風力發電有限公司)	2	2			
10	Jiangsu Longyuan Wind Power Generation Co., Ltd. (江蘇龍源風力發電有限公司)	2	2			

No.	Company name	Staff turnover	Age: 35 years old and below	Age: 36–45 years old	Age: 46–55 years old	Age: 56 years old and above
11	Donghai Longyuan Biomass Power Plant (東海龍源生物質發電有限公司)	2	1		1	
12	Inner Mongolia Longyuan New Energy Development Co., Ltd. (內蒙古龍源新能源發展有限公司)	1	1			
13	Liaoning Longyuan New Energy Development Co., Ltd. (遼寧龍源新能源發展有限公司)	2	2			
14	Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. (江蘇海上龍源風力發電有限公司)	5	4		1	
15	Shanxi Longyuan Wind Power Generation Co., Ltd. (山西龍源風力發電有限公司)	3	3			
16	Fujian Longyuan Wind Power Generation Co., Ltd. (福建龍源風力發電有限責任公司)	3	3			
17	Anhui Longyuan Wind Power Generation Co., Ltd. (安徽龍源風力發電有限公司)	6	5	1		
18	Longyuan Ningxia Wind Power Generation Co., Ltd. (龍源寧夏風力發電有限公司)	1	1			
19	Longyuan Guizhou Wind Power Generation Co., Ltd. (龍源貴州風力發電有限公司)	1	1			
20	Jilin Longyuan Wind Power Generation Co., Ltd. (吉林龍源風力發電有限公司)	2	2			
21	Longyuan Shaanxi Wind Power Generation Co., Ltd. (龍源陝西風力發電有限公司)	9	8	1		

No.	Company name	Staff turnover	Age: 35 years old and below	Age: 36–45 years old	Age: 46–55 years old	Age: 56 years old and above
22	Shandong Longyuan Wind Power Generation Co., Ltd. (山東龍源風力發電有限公司)	3	1	1	1	
23	Zhejiang Longyuan Wind Power Generation Co., Ltd. (浙江龍源風力發電有限公司)	1	1			
24	Tianjing Longyuan Wind Power Generation Co., Ltd. (天津龍源風力發電有限公司)	3	1	2		
25	Guangdong Guodian Longyuan Wind Power Generation Co., Ltd. (廣東國電龍源風力發電有限公司)	2	1	1		
26	Guangxi Longyuan Wind Power Generation Co., Ltd. (廣西龍源風力發電有限公司)	2	2			
27	Longyuan Power Group (Shanghai) Wind Power Co., Ltd. (龍源電力集團(上海)風力發電有限公司)	1	1			
28	Jiangxi Longyuan Wind Power Generation Co., Ltd. (江西龍源風力發電有限公司)	4	4			
29	Longyuan Tibet New Energy Co., Ltd. (龍源西藏新能源有限公司)	18	18			
30	Longyuan South Africa Renewables (Pty) Ltd. (龍源南非可再生能源有限公司)	1		1		
31	Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司)	6	2	3	1	
32	Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. (龍源(北京)風電工程設計諮詢有限公司)	4	3	1		

No.	Company name	Staff turnover	Age: 35 years old and below	Age: 36–45 years old	Age: 46–55 years old	Age: 56 years old and above
33	Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源(北京)風電工程技術有限公司)	4	1	3		
34	Xinjiang Wind Power Engineering Consultant Co., Ltd (新疆風電工程設計諮詢有限責任公司)	1	1			

3.6 Staff Development

The Group paid special attention to personnel training and development, put more efforts to train young cadres through constant innovation of selection and appointment mechanism, continuously optimised leadership structure of enterprises and kept innovation capabilities of the Company. The Group implemented "dual-track" management mechanism for Administrative positions and Technical operation positions, which has broadened the career prospects of the staff. In order to meet the requirements of talent transformation and due to the business development needs of production post or management post, a staff post transformation and development channel has been established. Before job transfer to administrative management posts, production personnel must pass the exams in terms of analysis and decision capability, communication and coordination capability, emergency response capability, etc.; should administrative management personnel be transferred to production posts, they must pass professional technical exams to obtain the certificate for production posts. Meanwhile, a leadership development channel has also been built, and training measures such as enriching curriculum system, innovating teaching methods, etc. were taken to serve the construction of corporate leadership to improve managers' corporate culture and judgment on work value, communication and management skills and other leadership skills.

In 2019, the Group further consummated the vocational development systems covering the capable personnel teams in the aspects of "administration, technology and skill" and promoted the construction of "Chief System (首席制)". In 2019, the Group additionally appointed 90 chief talents at all levels, including 6 Group-level chief talents and 3 grassroots enterprise-level chief talents. So far, the Group had a total of 358 chief talents at all levels, including 15 group-level chief talents (10 persons from technology sequence and 5 from skill sequence) and 32 grassroots enterprise-level chief operation inspectors (16 persons from technology sequence and 16 from skill sequence). The establishment of the chief talents team effectively boosted the progress and success of outstanding in-service employees and gave full play to the guiding and driving effects of excellent capable persons. Besides, fruitful achievements were obtained in educational trainings, tackling major technological problems, research studies and other aspects, having creating the benign atmosphere of gathering, attracting, fostering and utilising capable persons.

3.7 Staff Training

In 2019, the Group continued to implement the strategy of "strengthening enterprise through capable personnel", spared no effort to promote the construction of the "Big training" systems, kept cementing the foundations and blazing new trails, and furthered the regulation and intensification on its systematic training work. The Group has established training centers and training bases, built a team of internal trainers, and revised, edited and improved internal training materials which have been published for the Group's internal trainings. The Group has formulated annual training programs and organised training projects for the duty requirements of the management, technical and skilled personnel. The Group attached importance to trainings of senior management and key professional technicians, implemented customized trainings through specific survey in accordance with talents' needs and paid special attention to improve operational capabilities of staff. Through continuous development of various training courses, the Group has continuously improved the quality of staff, especially front-line operation and maintenance staff, reinforced the modern management concept among its administrative staff and enhanced the overall management efficiency.

In 2019, the Group advanced the construction of "Big training" systems with all its strength according to the "Thirteenth Five-year" Plan for Education and Training (教育培訓"十三五"規劃) and Measures for Management of Safety Production Training (安全生產培訓管理辦法) formulated by the Group. It continuously consolidated the foundation, explored and innovated, and further improved the overall standard of training. Firstly, it strengthened the construction of training centers, southern training base, Shanxi training base, Liaoning training base and Gansu training base. In particular, Shanxi and Liaoning training bases have already had the ability of undertaking the elementary practical training for employees and successfully completed the skill practical training of 33 trainees from 26 subordinate units. Secondly, the Group officially issued the Outline of Vocational Education and Training for Wind Power Generation (風力發電職業教育培訓大綱), Outline of Qualification Examination for Wind Power Plant Production Posts (風電場生產崗位任職資格考試大綱) and Qualification Examination Questions for Wind Power Plant Posts (風電場崗位任職資格考試習題集) (referred to as "Two Outlines and One Book") in May 2019, providing guarantee for effectively improving the basic theoretical knowledge of the production staff and their ability to perform their duties. Thirdly, on the basis of fully summing up the experience of the previous key training courses, the Group consolidated the implementation of the second phase of "Leadership (Craftsmanship) Training Camp", selecting 44 outstanding operation and maintenance practitioners to successfully complete the six-month training for the "Craftsmanship Training Camp", 39 outstanding plant directors (vice plant directors) to participate in the training of the "Leadership Training Camp" and 82 people to attend the 2019 Young Cadre Training Course. It completed the "Famous Teachers' Lecture" for the year, and organized an expert team led by chief talents of the Group to conduct technical skills training in wind farms in five units in Guizhou, Heilongjiang, Ningxia, Xinjiang and Gansu. Fourthly, it organized two phases of qualification certification of posts of plant director and specialized principal. A total of 35 plant directors (vice plant directors) and 51 security (technological) specialized principals participated in the post qualification certification review and completed the review of qualification certification of posts at plant directors or specialized principals level of 2016. In addition, the Group organized all units to conduct qualification certification for shift foremen and lower production posts. The subordinate wind power enterprises have completed the post qualification certification for all production personnel. Fifthly, the Group organized its training centers to go to the State Grid Training Center for research and communication, and jointly formulated employee electrical training program, using external training resources to supplement the Group's deficiencies in management training and professional skills training.

In 2019, the Group organised 1,635 specialised training courses for 6,355 participants or a total of 31,463 person-times throughout the year.

Table 7: Statistic Table on Staff Training of the Group

Item	Number of staff as at the end of the period	Number of staff trained	Training percentage	Accumulative number of days for attending training	Training expenses	Number of training person-times	Training method				
							Organisation	Cadre	Online	Overseas	Other
			(%)		*(RMB0'000)*						
1. Managerial and skilled staff	2,315	1,854	80.09%	36,136	695.75	6,725	1,066	198	369	3	5,089
Including: Managerial staff of department director and above level	18	17	–	64	3.11	17	8	0	1	0	8
Managerial staff of department head level	291	209	–	9,844	137.68	756	158	22	98	3	475
General managerial staff	1,649	1,280	–	23,422	470.25	4,332	721	120	185	0	3,306
Skilled staff	357	348	–	2,806	84.71	1,620	179	56	85	0	1,300
2. Production staff	5,192	4,238	81.63%	66,901	2,384.46	23,828	2,655	101	244	0	20,828
Including: Production operating staff	2,905	2,278	–	39,416	1,321.00	16,586	1,199	36	182	0	15,169
Production inspecting and repairing staff	1,872	1,650	–	25,470	984.07	5,824	1,354	49	61	0	4,360
Production supporting staff	415	310	–	2,015	79.39	1,418	102	16	1	0	1,299
3. Service staff	99	75	75.76%	179	4.83	258	46	13	0	0	199
4. Other staff	228	188	82.46%	296	7.60	652	48	10	0	0	594
Total	7,834	6,355	81.12%	103,512	3,092.64	31,463	3,815	322	613	3	26,710

3.8 Staff Remuneration

The staff remuneration of the Group comprises of post performance salary, special bonus and various subsidies. The Group improved the treatment of job at various levels through adoption of the selection mechanism composed of competition for a post, gradual delay in retirement and dynamic adjustment to stimulate the vitality of staff team; on the basis of performance assessment including periodic examination, production indexes, etc. and with the focus on special awards and guided by value creation, the Group targeted to reward leaders and staff in charge.; It provided hardship and backcountry subsidies to encourage the employees to work hard and take root in the front-line areas in the light of the influence on the work and life of employees arising from the natural environment and humanity factors of the places where the inspection and repair fields are located; it also energetically implemented the chief operation inspector system, improved the stall vocational development systems, expanded the technological and expertise development channels and provided special subsidies to inspire the working and entrepreneurship vitality of the staff.

IV. SAFETY FIRST

4.1 Systematic and Standardised Management

In 2019, the Group deeply implemented the CPC Central Committee and the State Council's Opinion on the Reform and Development of Boosting Safety Production (中共中央國務院關於推進安全生產領域改革發展的意見) and the spirit of the central government economic conference, closely focused on the five development concepts and the "Four-pronged Comprehensive" strategic blueprint, adhered to the principles of "the same responsibility of party leaders and government officials, double responsibilities for one post, concerted efforts and accountability for dereliction" and "managing safety and environmental protection while managing production" and established a production safety and environmental protection system centered on "cultural leadership, implementation of responsibilities, risk pre-control, strong guarantee and solid foundation" to ensure the stability of the Group's safety and environmental protection situation. In accordance with its own actual situation, the Group formulated the "Responsibility Implementation Year" plan, revised the safety production system through the construction of system, completed the core systems compilation of 28 safety management and 27 production management, and solved the problems of incomplete coverage and formalization to ensure the operability of the system. At the same time, it further promoted the standardized construction of new energy plants to improve the intrinsic safety level of enterprise. The Group formulated the Basic Standards for Standardization of Safety Production in New Energy Enterprises (新能源企業安全生產標準化基本規範), stipulated the principles for establishing, maintaining and assessing the standardization system and the core requirements for system elements, and well conducted the work of top-level design and guidance.

The Group required all units to start with the prevention and control mechanism, adopt a number of measures, including improving the system, organizing investigation and management, improving the prevention and control manual and implementing personal pre-control, establish a "risk management and control loop" for hazard source identification, risk assessment and control, and personal risk pre-control, comprehensively apply the personal risk pre-control APP to help risk management and control through information technology. The Group organized special seminars, clarified 17 special plans and 60 lists of disposal plans that enterprises should have, arranged typical exercises and evaluations for 8 units and 4 plans, and standardized emergency disposal management of enterprises from "a point to an area".

In 2019, overseas subsidiaries continued to combine relevant local laws and regulations to formulate and strictly implement relevant safety system rules as always, made emergency plans and improved emergency response capabilities. At the same time, it strengthened training to improve the safety awareness of employees and subcontractors to avoid risks.

4.2 Health and Safety Management

In accordance with the national laws and the requirements of the National Energy Group's system documents, the Group prepared and issued the Occupational Health Management Regulations (職業健康管理規定). It specified the scope of responsibilities and basic tasks on the basis of hierarchies, and established a "clear-level and clear-responsibility" operating mechanism for the prevention and treatment of occupational diseases to ensure the occupational health of employees. In order to reduce the labor intensity of frontline employees and improve work efficiency, the Group arranged a total of more than 5,000 climb-free devices in 2019 to effectively improve the working environment and labor conditions on site. From 2017 to 2019, no staff of the Group died in accidents, representing 0% of the total number of staff and resulting in loss of 0 working days.

In an effort to ensure safety and health of employees in the process of production, reduce the occurrence of occupational diseases and achieve effective management of occupational health, the Group arranges pre-employment physical examinations, including normal physical examination and occupational disease examination, and subsequent unified annual physical examination for staff. Furthermore, the Group regularly distributes labour protection appliances to ensure protection measures for employees before they start to work. A safety supervision department has been established in each project company to strengthen on-site supervision, guidance and regulation of operations. In addition, the Group holds safety knowledge contests involving all employees, and provides training in rotation for safety officers with a view to enhance safety awareness and safety technical levels of staff.

V. RESPONSIBILITIES

5.1 Supply Chain Management

For the domestic projects subject to tender according to the requirements under the Tender and Bidding Law of the People's Republic of China (中華人民共和國招投標法), the Group shall determine the suppliers by way of public tender. For projects of which no tender is required by laws, the suppliers shall be determined in a competitive manner on the "CHN Energy E Procurement" platform according to the procurement management system established by the Company; For overseas projects, invitation tender, price enquiry and other methods shall be adopted in accordance with the practices in the country where the projects are located and the actual situation of the projects. So far, all suppliers in cooperation with the Group have been selected in compliance with the abovementioned supplier engagement conventions. At the same time, suppliers are required to have relevant certifications of environmental management system and occupational safety and health management system.

The Group selects its suppliers in a completely competitive manner without a fixed list of suppliers. As such, there is no statistical data of suppliers by region. The Group gives an annual comprehensive evaluation for suppliers and set up a warning and no-access mechanism for dishonest suppliers. Besides, the Group implements a manufacturing supervision and management system for main units, turbine towers and key electrical equipment to guarantee product quality.

In 2019, the Group attracted strong suppliers to participate in the competition by adopting reasonable merger of bid lots, promoting centralized bundling procurement and other methods, so as to ensure good brand quality from the source of procurement while reasonably saving cost. All the projects put into production in 2020 have locked the main engines with guaranteed quality of key components matching the project wind resources. During the implementation of the project, supervision of key components such as main engine, tower drum, flange, transformer and cable shall be strengthened on site, and the quality of equipment supply and production progress under the "rush of installation" shall be strictly controlled. In addition, bidders for major construction bid sections were required to focus on the environmental protection and safety measures, and included this content in the selection system, so as to promote the group to use more environmental protection products and services, and during the execution of the contract, a supervision system shall be implemented for the construction.

All procurement projects subject to tender or not tender were conducted on the specified online platform which would record important matters and the process traces at each stage of the procurement activity automatically, and such projects were subject to both internal and external audit and supervisory inspection.

5.2 Compliance Management

In 2019, the Group made great efforts to promote the standardization of the system, comprehensively carried out the work of "removing waste and replacing legislation" of the system, and formulated the Work Plan for the Construction of the Compliance Management System (合規管理體系建設工作方案), defining the compliance management system and working mechanism. And strictly comply with the "Company Law of the People's Republic of China" (中華人民共和國公司法), "Securities Law of the People's Republic of China" (中華人民共和國證券法), "Contract Law of the People's Republic of China" (中華人民共和國合同法), "Electricity Law of the People's Republic of China" (中華人民共和國電力法), "Environmental Protection Law of the People's Republic of China" (中華人民共和國環境保護法), "Labor Law of the People's Republic of China" (中華人民共和國勞動法) and other laws and regulations as well as China's environmental policies.

In 2019, the Ministry of Water Resources issued 13 standards of strong supervision system for water and soil conservation, including "Measures for Supervision and Management of Water and Soil Conservation in Production and Construction Projects" (生產建設項目水土保持監督管理辦法) and "Measures for Supervision and Inspection of Water and Soil Conservation Projects" (水土保持工程監督檢查辦法). At the same time, it vigorously promoted satellite remote sensing supervision for water and soil conservation by innovative means, covering a total land area of 6.47 million square kilometers. The Group strengthened the environmental protection measures of the project and optimized the water and soil conservation and environmental protection of 116 wind farms. It carried out the training of water and soil conservation of the project, raised awareness and ensured the "three simultaneities" of design, construction and production. The Group also standardized on-site management of projects under construction and posted strict demands to the nine aspects including topsoil protection, blocking, slope protection, interception and drainage, rainwater storage, land remediation, plants, temporary protection and windproof and sand fixation to avoid increasing vegetation damage. At present, the work has achieved good results.

During the year, overseas subsidiaries have been carrying out relevant work in strict accordance with the laws and regulations of the country where they are located. Especially in view of the stringent environmental protection requirements, a special team was set up to check and follow up, earnestly implement various measures, and fully implement the primary responsibility.

VI. ANTI-CORRUPTION PRACTICE

In strict compliance with the national laws and regulations including the Constitution of the Communist Party of China (中國共產黨黨章), the Regulation of the Communist Party of China on Disciplinary Actions (中國共產黨紀律處理條例) and the Rules on Supervision and Disciplinary Work of the Disciplinary Inspection Organs of the Communist Party of China (中國共產黨紀律檢查機關監督執紀工作規則), and regulations including the Measures for Handling Violations of Discipline by Employees of the China Energy Investment Corporation Limited (Trial) (國家能源投資集團有限責任公司職工違規違紀處理辦法試行)), the Interim Measures for Strengthening Supervision by the Discipline Inspection and Supervision Team of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司紀檢監察組加強監督工作暫行辦法) and the Implementation Measures for Interview by the Discipline Inspection and Supervision Team of China Energy Investment Corporation Limited (Trial) (國家能源投資集團有限責任公司紀檢監察組約談實施辦法試行)), the Group requires its employees to abstain from misconducts such as offering or accepting bribery and corruption in any circumstance and to strictly comply with honesty and self-discipline standards.

The Group has an office of the discipline inspection commission, which, under the leadership of the Discipline Inspection Group at higher level, the Party Committee and Discipline Inspection Committee of the Group, is responsible for internal supervision, prevention of corruption, acceptance of whistle-blowing, investigation and handling of rule-breaking or law-breaking cases. For petition and whistle-blowing matters and clues, the office of the discipline inspection commission will make dispositions investigation and verification in strict compliance with the national laws and regulations as well as the Measures for Management and Handling of Petition and Whistle-blowing Matters and Clues in respect of Discipline Inspection of Longyuan Power (龍源電力紀檢信訪舉報和問題線索管理處置辦法). As for staff suspected of violation or criminal offense, the Commission for Disciplinary Inspection of the Company will be reported to the Discipline Inspection Group of CHN Energy, and assist the Discipline Inspection Group of CHN Energy to hand over such matters to the judicial authority.

In 2019, the Group prepared and distributed the "Key Points for Annual Discipline Inspection" (年度紀檢工作要點) and revised 8 discipline inspection systems. The Group organised a group-wide cautionary and educational activity on integrity by invoking typical cases to enhance the integrity awareness of our staff. Under the principle of "keeping an eye on critical minorities". It sorted out 67 integrity risk points, studied and formulated 80 risk response measures and prepared the List of Supervision Matters for Integrity Risk Points in Key Business Areas (重點業務領域廉潔風險點監督事項清單) for persons in charge of critical work and positions. Carried out special inspections, strengthened style supervision, and ensure the practical and efficient operation of enterprises. Carried out inspection of 11 subordinate units, promote inspection and rectification, and do a good job in the inspection of the "second half of the article".

VII. HARMONIOUS COMMUNITY

We do everything for people's livelihood and conduct small good deeds frequently to achieve a win-win situation through cooperation. Adhering to the guideline of "corporate development concurrent with repaying the society", the Group proactively built warm care, discharged its obligations in respect of serving the local economy, participating in public welfare and charitable undertakings, engaging in volunteer service activities, etc. It also fulfilled its responsibility as a corporate citizen and participated in public welfare businesses, striving to make more contributions to social harmony and development.

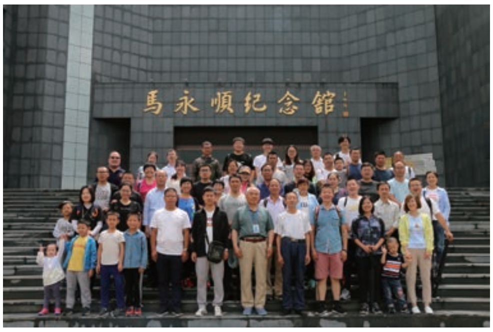
7.1 Building warm care

The Group actively carried out activities of sending warm care, visiting 182 employees in distress, 2,122 employees who stayed on the frontline during the festivals, and 5 model workers and temporary cadres. A solatium of RMB2.38 million was distributed to them. First-line employees were included in the lists of recuperation, and model workers were arranged with recuperation in two batches. A total of 147 employees participated in those activities. The mutual fund was distributed to 93 employees in need, with a total amount of RMB900,000. Through investigation, research, visit and other forms, we had an in-depth understanding of the domestic water situation for the grassroots frontline workers, and formed a systematic solution to solve the problem of difficulty in getting drinking water and domestic water for frontline employees by taking into consideration of local conditions.

7.1.1 Chairman Jia Yanbing went to Xinjiang Longyuan to visit and comfort the frontline workers.

7.1.2 General Manager Sun Jinbiao went to Hainan Longyuan to visit and comfort the frontline workers.

7.1.3 In Lindu, Yichun, 55 model workers, advanced individuals, frontline workers and their families from backcountry from 23 units of the Group gathered to conduct the first batch of treatment and recuperation activities for advanced model workers for the year.



7.1.4 In Sanya, Hainan, the 2019 second batch of study and recuperation activities for advanced model workers and frontline workers from backcountry was organized, with 92 employees and their families from 27 subordinate units participating in the activity.

7.2 Serving the Local Economy

In the process of project development, construction and operation, the Group has established a mechanism for regular communication and exchange with local representatives and endeavours to consolidate the close connection with relevant local governments to maintain effective communication channels with local competent departments. In addition, The Group proactively adopts reasonable suggestions from local governments, enterprises and residents, improves local infrastructures, and shares corporate welfare facilities with community members. All these measures have promoted local new energy construction and sound development of the local economy.

The Group actively implemented the national "Belt and Road" initiative. While strengthening international energy and technology cooperation, the Group proactively fulfilled its responsibilities, served local communities, and established a good image of Chinese enterprises. By taking overall consideration of its core business, corporate sustainable development and the actual situation of South African development, Longyuan South Africa put forward a local action plan of "aiding students, building dreams, and cultivating talents" to inject Chinese contribution into the education cause of South Africa. Longyuan South Africa formulated a scholarship plan and invested ZAR4 million annually to subsidize 40 outstanding freshmen in poverty to attend university in the Northern Cape. The plan has received many praises and concerns from the South African Ministry of Energy; it sponsored the sponsored undergraduates learning week activities organized by the South African Ministry of Energy for two consecutive years, and invested to set up three additional early childhood education centers, investing about ZAR2 million per year to provide preschool education for poor or physically and mentally disabled children around the project sites and benefiting a total of about 300 local children; it spent ZAR4 million to buy professional medical vehicles, and invested ZAR5 million each year to provide free medical services for nearly 10,000 local children, women, the elderly and other special poor people. As a typical case, the Company's deeds of fulfilling its duties in South Africa were incorporated into the Blue Paper on Overseas Corporate Social Responsibility of Central Enterprises (2019) (中央企業海外社會責任藍皮書(2019)) prepared by the State-owned Assets Supervision and Administration Commission of the State Council and the Chinese Academy of Social Sciences.

7.2.1 Early childhood education centers funded by Longyuan South Africa, in which teachers were leading children's activities

7.2.2 Dufferin Wind Farm of Longyuan Canada, as a diamond-level sponsor, sponsored the Autumn Agricultural Products Fair in Dundalk where it located.

7.2.3 Qinghai Longyuan participated in the nation's first market-based transaction of energy storage power stations and new energy enterprises.

7.2.4 Longyuan Tibet inspected household power generation system equipment for farmers and herdsmen of the "Golden Sun" project.

7.3 Participating in Public Welfare and Charitable Undertakings

Proactively participating in public welfare and charitable undertakings, the Group continuously advances the "Longyuan's Green Care Action" plan with continued efforts. It earned trust and respect with its integrity, dedication, kindheartedness and harmony and strived to foster harmonious relationship between corporate and social development, creating a positive image of a responsible corporation. In 2019, the Group repaid the society in various channels such as proactive launch of disaster relief, subsidies for education and to the handicapped, and assistance to the poor.

7.3.1 Young volunteers of Longyuan (Beijing) Design Company visited elderly people in nursing homes.

7.3.2 Sun Family Camp and Qixin Camp wind farms of Mengdong Longyuan together conducted the "Campaign of Bringing Wind Power Knowledge to School" in Gangzi Village Primary School.

7.3.3 Volunteers of the "Little Green Orange (小青橙)" of Hebei Longyuan actively carried out voluntary activities, distributing water-saving leaflets to the public and promoting environmental protection knowledge to carry forward the spirit of the May Fourth Movement and help green development.

7.3.4 Volunteers of Hegang Youth League branch of Heilongjiang Longyuan regularly visited local nursing homes to help the elderly get their hair cut, introduce the Party's new policies for the elderly, and actively fulfill their social responsibilities.

7.3.5 Shanxi Longyuan organized the activity of learning from Lei Feng of "Lighting up Small Wishes and Warming Kids' Hearts with Love", and played games with children in the rehabilitation center.

7.3.6 Guizhou Longyuan organized employees to introduce safety knowledge to surrounding residents, distributed leaflets with knowledge of safely using electricity, explained fire safety knowledge, and taught them how to use fire extinguishers.

7.3.7 Dufferin Wind Farm of Longyuan Canada sponsored the ice hockey teams in local community.

7.4 Launching of Recreational and Sports Activities

The Group proactively implemented the outline of “Health China 2030 (健康中國2030)” Plan to promote national fitness and further the Green Care Action. It actively carried out various recreational and sports activities: card games to welcome the Spring Festival of headquarters and units in Beijing; the sixth staff table tennis and badminton games of the Group; 2019 paying a New Year call of teams of the Group’s headquarters and units in Beijing and other activities. The twelve staff recreational and sports associations in the headquarters of the Group regularly carried out activities and organized psychological consultations and traditional Chinese medicine physiotherapy for paying attention to the physical and mental health of the staff.

7.4.1 The Group held staff calligraphy, painting and photography exhibitions with the theme of “Celebrating the 70th Birthday of the Motherland”.

7.4.2 Jiangsu Longyuan organized the theme activity of the Women's Day under the title of "Glamour Goddess Festival and New Achievements by Heroines".

7.4.3 Jiangsu Offshore Longyuan launched the swimming competition of "Skill Enhancement and Safety Guarantee" for the year.

7.4.4 Fujian Longyuan launched a joint walking race for the first employee fun sports meeting.

7.4.5 Gansu Longyuan organized singing and reading activities to celebrate the 70th anniversary of the founding of the People's Republic of China.

7.4.6 Xinjiang Longyuan organized collective birthday celebrations.

VIII. REPORT DISCLOSURE INDEX

Subject Areas and Aspects		Disclosure	KPIs		Page
A.	**Environmental**				
A1	*Emissions*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	A1.1	The types of emissions and respective emissions data	121-124
			A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	122
			A1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	122
			A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, Intensity (e.g. per unit of production volume, per facility).	122
			A1.5	Description of measures to mitigate emissions and results achieved.	121-124
			A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	123-129

Subject Areas and Aspects		Disclosure	KPIs		Page
A2	*Use of Resources*	Policies on the efficient use of resources, including energy, water and other raw materials. (Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.)	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	122-123
			A2.2	Water consumption in total and intensity (e.g. per unit of production volume per facility).	122
			A2.3	Description of energy use efficiency initiatives and results achieved.	123
			A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	123
			A2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	N/A
A3	*The Environment and Natural Resources*	Policies on minimising the issuer's significant impact on the environment and natural resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	121-129,147

Subject Areas and Aspects		Disclosure	KPIs		Page
B.	**Social**				
Employment and Labour Practices					
B1	*Employment*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to remuneration and dismissal, recruitment and promotion, working hours, rest periods, Equal opportunity, diversity, anti-discrimination, and other benefits and welfare	B1.1	Total workforce by gender, employment type, age group and geographical region.	130-133,142
			B1.2	Employee turnover rate by gender, age group and geographical region.	134-138
B2	*Health and Safety*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe environment and Protecting employees from occupational hazards	B2.1	Number and rate of work-related fatalities.	144
			B2.2	Lost days due to work injury.	144
			B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	143-144

Subject Areas and Aspects		Disclosure	KPIs		Page
B3	*Development and Training*	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities *Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.	B3.1	The percentage of employees trained by gender and employee category (e.g. Senior management, middle management).	139-141
			B3.2	The average training hours completed per employee by gender and employee category.	141
B4	*Labour Standards*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	B4.1	Description of measures to review employment practices to avoid child and forced labour.	130
			B4.2	Description of steps taken to eliminate such practices when discovered.	130,148-149
Operating Practices					
B5	*Supply Chain Management*	Policies on managing environmental and social risks of the supply chain	B5.1	Number of suppliers by geographical region.	145-146
			B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are Being implemented, how they are implemented and monitored.	145-146

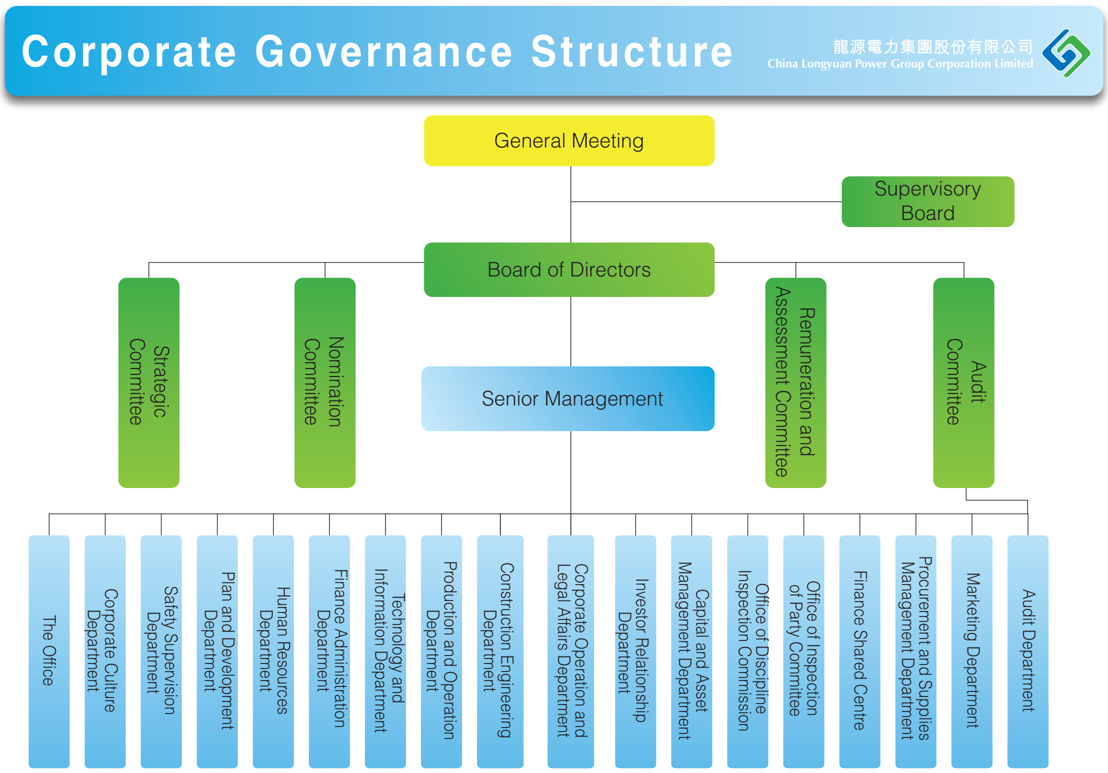
Subject Areas and Aspects		Disclosure	KPIs		Page
B6	*Product Responsibility*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
			B6.2	Number of products and service related complaints received and how they are dealt with.	–
			B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
			B6.4	Description of quality assurance process and recall procedures.	–
			B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	–
B7	*Anti-corruption*	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	148-149
			B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	148-149

Subject Areas and Aspects		Disclosure	KPIs		Page
Community					
B8	*Community Investment*	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	125-129, 149-160
			B8.2	Resources contributed (e.g. money or time) to the focus area.	149-160

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2019.

The corporate governance structure of the Company is set out as follows:



CORPORATE GOVERNANCE PRACTICE

The Board is responsible for performing the corporate governance duties of the Company, which are specifically as follows: (1) formulating and reviewing the Company's policies and practices on corporate governance; (2) reviewing and monitoring the training and continuous professional development of Directors and senior management; (3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (4) formulating, reviewing and monitoring the code of conduct of employees and Directors; and (5) reviewing the Company's compliance with the Corporate Governance Code and the disclosures in the Corporate Governance Report contained in annual report.

CORPORATE GOVERNANCE REPORT

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2019, save for the deviation from the code provision E. 1.2 disclosed in paragraph 5 below, the Company has complied with all the code provisions and, where appropriate, adopted certain recommended best practices as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

Corporate governance practices adopted by the Company are summarised below:

1. The Board

The Board exercises its powers and functions in accordance with the provisions as set out in the Articles of Association. The Board follows the principle of acting in the best interest of the Company and its Shareholders, reports its works at general meetings, implements the resolutions passed at general meetings and is accountable to the general meetings.

1.1 Composition of the Board

As at 31 December 2019, the Board consisted of eight Directors, including two executive Directors, three non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the date of this report are set out on pages 102 to 108 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

Since the listing of the Company, the Board has been in compliance with the requirement under Rule 3.10(1) of the Listing Rules requiring the appointment of at least three independent non-executive Directors. It has also complied with the subsequent new requirement of Rule 3.10A of the Listing Rules which requires that independent non-executive Directors shall represent at least one third of the Board. The Company is also in compliance with Rule 3.10(2) of the Listing Rules regarding the qualifications requirement of at least one of the independent non-executive Directors. In addition, the Company has received annual confirmations from independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore believes that all independent non-executive Directors are independent as required under the Listing Rules.

Upholding its belief that the increasing diversity at the Board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development, the Company formulated the Board Diversity Policy in October 2013. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can brought to the Board. All nominees proposed by the Board shall comply with the principle of appointment based on merits and fully take into account objective conditions and benefits of diversity of the Board while considering candidates. The nomination committee will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for approval.

The current composition of the Board is set out as follows:

Name	Position held at the Company	Date of appointment/re-election
Jia Yanbing	Chairman of the Board	24 September 2019
	Executive Director	28 February 2019
Sun Jinbiao	Executive Director	15 November 2019
	President	24 September 2019
Liu Jinhuan	Non-executive Director	6 July 2018
Yang Xiangbin	Non-executive Director	6 July 2018
Zhang Xiaoliang	Non-executive Director	28 February 2020
Zhang Songyi	Independent non-executive Director	6 July 2018
Meng Yan	Independent non-executive Director	6 July 2018
Han Dechang	Independent non-executive Director	6 July 2018

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year, to be convened by the Chairman of the Board. A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state relevant information such as the time, venue, agenda and the subject matters to be discussed, etc.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

The details regarding Board meetings convened in the reporting period and the attendance of Directors at such meetings are set out in the Directors' Report in this annual report.

The Board of Directors confirm that corporate governance shall be collective responsibility of the Directors, and the corporate governance functions include the following:

1. Formulating and reviewing the Issuer's policies and practices on corporate governance and making recommendations to the Board;

2. Reviewing and monitoring the training and continuous professional development of the Directors and senior management;

3. Reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

4. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

5. Reviewing the Issuer's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

1.3 Powers Exercised by the Board and the Management

The powers and duties of the Board and the management are expressly stipulated in the Articles of Association, which aims to provide adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, deciding on the establishment of the Company's internal management structure, formulating the Company's basic administration rules, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Led by the President (who is also an executive Director), the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

1.4 Chairman and President

The roles of the Chairman of the Board and President (i.e. the chief executive pursuant to the relevant Listing Rules) of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. Mr. Jia Yanbing acts as the Chairman of the Board and Mr. Sun Jinbiao acts as the President. The Board considered and approved the Rules of Procedures of the Board Meeting and the Terms of Reference of the Senior Management of the Company, which clearly defined the division of duties between the Chairman and the President.

Mr. Jia Yanbing, the Chairman of the Board, leads the Board to determine the overall development plan of the Company, ensure the effective operation of the Board, performs the due obligation and discuss all important and appropriate matters timely; ensures the Company formulate sound corporate governance practices and procedures; and ensures the acts of the Board conform to the best interests of the Company and its Shareholders as a whole. Mr. Sun Jinbiao, the President, is primarily responsible for the daily operation management of the Company, including organizing the implementation of the resolutions of the Board and making daily decisions etc.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, the Directors shall be elected at the Shareholders' meetings with a term of office of three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration. All newly nominated Directors are subject to election and approval at general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

1.6 Directors' Remuneration

The remuneration and assessment committee makes recommendations in respect of Directors' remuneration according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board, subject to approval at general meeting, with reference to Directors' experience, work performance, positions and market conditions.

2. Board Committees

There are four Board committees, namely the audit committee, remuneration and assessment committee, nomination committee and strategic committee.

2.1 Audit Committee

The audit committee of the Board consists of three Directors: Mr. Yang Xiangbin (non-executive Director)[1], Mr. Zhang Songyi (independent non-executive Director) and Mr. Meng Yan (independent non-executive Director). Mr. Meng Yan serves as the chairman of the audit committee.

1 Mr. Yang Xiangbin, a non-executive Director of the Company, was appointed as a member of the audit committee of the Company on 28 February 2020. Mr. Luan Baoxing resigned as a non-executive Director and a member of the audit committee of the Company on the same day. Therefore, Mr. Yang Xiangbin did not attend the meeting of the audit committee convened during the reporting period.

The audit of risk management system of the Company is included in the Terms of Reference of the audit committee.

The primary responsibilities of the audit committee are to review the annual internal audit plan, material risks and the ability of the Company to cope with risks; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectivity of external auditors and effectiveness of audit process; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board; review and oversee the financial reporting system, risk management and internal control procedures of the Company and the effectiveness of the procedures in complying with relevant regulations under the Listing Rules; review material faults or defects (if any) and the impact that has and may incur thereby; evaluate the effectiveness of the internal control and risk management system; ensure coordination between the internal and external auditors and ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have sufficient capabilities and experience and are provided with regular training programs or similar arrangement. In 2019, the audit committee and the Board of the Company had no disagreements with the selection, appointment, resignation or dismissal of the external auditors.

During the reporting period, the audit committee held five meetings, details of which are as follows:

- On 19 March 2019, the 2019 first meeting of the audit committee of the fourth session of the Board was held, at which three proposals were considered and approved.

- On 25 April 2019, the 2019 second meeting of the audit committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 20 August 2019, the 2019 third meeting of the audit committee of the fourth session of the Board was held, at which three proposals were considered and approved.

- On 28 October 2019, the 2019 fourth meeting of the audit committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 30 December 2019, the 2019 fifth meeting of the audit committee of the fourth session of the Board was held, at which one proposal was considered and approved.

All incumbent members of the audit committee at the above meetings, being Mr. Meng Yan, Mr. Luan Baoxing and Mr. Zhang Songyi, attended the above meetings, with the attendance rate of 100%.

During the Reporting Period, the audit committee has reviewed the annual results of the Group for 2018, unaudited consolidated results for the three months ended 31 March 2019, interim results for 2019 and unaudited consolidated results for the nine months ended 30 September 2019 and assisted the Board in reviewing the effectiveness and assessment of the risk management and internal control system. For detailed information about the Company's review of risk management and internal control systems, please refer to "Risk Management and Internal Control" section of this report.

2.2 Remuneration and Assessment Committee

The remuneration and assessment committee consists of three Directors: Mr. Liu Jinhuan (non-executive Director), Mr. Zhang Songyi (independent non-executive Director) and Mr. Han Dechang (independent non-executive Director). Mr. Zhang Songyi is the chairman of the remuneration and assessment committee.

The Company has adopted the approach that the remuneration and assessment committee makes recommendations to the Board for determining the remuneration packages of executive Directors and senior management.

The primary responsibilities of the remuneration and assessment committee are to make recommendations to the Board with respect to the establishment of policies, schemes or proposals for Directors' and senior management's overall remuneration; review, approve and oversee the overall remuneration proposals for Directors and senior management; formulate the evaluation standards on Directors and senior management and assess the said standards; and ensure that neither the Director nor any of his or her associates may determine his or her own remuneration, etc.

During the reporting period, the remuneration and assessment committee held two meetings, details of which are as follows:

- On 19 March 2019, the 2019 first meeting of the remuneration and assessment committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 20 August 2019, the 2019 second meeting of the remuneration and assessment committee of the fourth session of the Board was held, at which one proposal was considered and approved.

All members of the remuneration and assessment committee, being Mr. Liu Jinhuan, Mr. Zhang Songyi and Mr. Han Dechang attended the said meetings, with the attendance rate of 100%.

During the Reporting Period, the remuneration and assessment committee reviewed the implementation of the remuneration of the Directors, supervisors and senior management in 2018, and the remuneration plan of the Directors, supervisors and senior management in 2019.

2.3 Nomination Committee

The nomination committee consists of three Directors: Mr. Jia Yanbing (executive Director), Mr. Meng Yan (independent non-executive Director) and Mr. Han Dechang (independent non-executive Director). Mr. Jia Yanbing is the chairman of the nomination committee.

The primary responsibilities of the nomination committee are to review the structure, size and composition of the Board, formulate the procedures and standards for nominating candidates for Directors and senior management, conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management and comment and review the independence of independent non-executive Directors.

In accordance with the Board Diversity Policy issued by the Company in October 2013, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board. The nomination committee shall supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. Meanwhile, the nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board. The nomination committee considered that during the reporting period, the composition of the members of the Board was in accordance with the requirements of the Board Diversity Policy.

During the reporting period, the nomination committee held two meetings, details of which are as follows:

- On 24 September 2019, the 2019 first meeting of the nomination committee of the fourth session of the Board was held, at which three proposals were considered and approved.

- On 30 December 2019, the 2019 second meeting of the nomination committee of the fourth session of the Board was held, at which one proposal was considered and approved.

During the reporting period, the nomination committee conducted the following nomination procedures for Director candidates pursuant to the Rules of Procedures of the Nomination Committee of the Board of China Longyuan Power Group Corporation Limited. The nomination committee carried researches on the list of Director candidates in accordance with laws, regulations, normative documents, regulatory requirements and the Articles of Association and submitted the recommendation opinion to the Board to determine whether to submit for election at the general meeting. The nomination committee and the Board fully took consideration of the Board diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure) and the benefits therefrom; they focused on the educational background of the candidates and their professional experience, in particular, the management research experience in financial and insurance industries and paid special attention to the independence of the candidates for independent non-executive Directors. During the reporting period, the shareholders elected Mr. Jia Yanbing as the executive Director of the Company at the 2019 first extraordinary general meeting and elected Mr. Sun Jinbiao as the executive director of the Company at the 2019 second extraordinary general meeting.

Apart from Mr. Qiao Baoping's absence due to official duties, all other incumbent members of the nomination committee at the 2019 first meeting, being Mr. Han Dechang and Mr. Meng Yan, attended the said meeting; all incumbent members of the nomination committee at the 2019 second meeting, being Mr. Jia Yanbing, Mr. Han Dechang and Mr. Meng Yan, attended the meeting. All incumbent members of the nomination committee, apart from Mr. Qiao Baoping, attended the above meetings, with the attendance rate of 100% during the reporting period.

2.4 Strategic Committee

The strategic committee consists of four Directors: Mr. Liu Jinhuan (non-executive Director), Mr. Jia Yanbing (executive Director), Mr. Zhang Xiaoliang (non-executive Director)[2] and Mr. Sun Jinbiao (executive Director)[3]. Mr. Jia Yanbing is the chairman of the strategic committee.

The primary responsibilities of the strategic committee are to formulate the Company's overall development plans and investment decision-making procedures; review the Company's long-term development strategies; review the Company's strategic planning and implementation reports; and review significant capital expenditure, investment and financing projects that require approval of the Board.

During the reporting period, the strategic committee held one meeting, details of which are as follows:

- On 19 March 2019, the 2019 first meeting of the strategic committee of the fourth session of the Board was held, at which two proposals were considered and approved.

All incumbent members of the strategic committee at the above meeting, being Mr. Liu Jinhuan, Mr. Jia Yanbing, Mr. Yang Xiangbin and Mr. Huang Qun, attended the said meeting, with the attendance rate of 100%.

2 Mr. Zhang Xiaoliang was appointed as a non-executive Director and a member of the strategic committee of the Company on 28 February 2020 and Mr. Yang Xiangbin, a non-executive Director of the Company, resigned as a member of the strategic committee of the Company on the same day. Therefore, Mr. Zhang Xiaoliang did not attend the meeting of the strategic committee convened in the reporting period.

3 Mr. Sun Jinbiao was appointed as an executive Director and a member of the strategic committee of the Company on 15 November 2019 and Mr. Huang Qun, an executive Director of the Company, resigned as a member of the strategic committee of the Company on the same day. Therefore, Mr. Sun Jinbiao did not attend the meeting of the strategic committee convened in the re-porting period.

3. Directors' Responsibility for the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group for the year ended 31 December 2019.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment and approval, as appropriate, of the financial information and position of the Group.

There are no material uncertainties relating to events or conditions that may have a severe impact on the Company's ability to continue as a going concern.

In addition, the Company has arranged appropriate insurance cover in respect of possible legal actions and liabilities against the Directors.

4. Compliance with the Code for Securities Transactions

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

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

5. Compliance with the Corporate Governance Code

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2019, save as disclosed below, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

In respect of code provision E.1.2 of the Corporate Governance Code, Mr. Qiao Baoping[4], the Chairman of the Board of the Company, was unable to attend the 2018 annual general meeting of the Company held on 17 May 2019 due to work reasons.

6. Training of Directors and Company Secretaries

All Directors participated in continuous professional development training in 2019 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all current Directors' training are set out as below:

Name	Position held at the Company	Length of training received in 2019 *(hours)*	Areas covered in the training
Jia Yanbing	Chairman of the Board and Executive Director	356	Corporate governance and relevant regulations, industry policy, corporate development, corporate culture, transformation and reform of scientific technology, management innovation, etc.
Sun Jinbiao	Executive Director, President	336	Corporate governance and relevant regulations, strategy planning, corporate management, industry development, human resources, etc.

4 Mr. Qiao Baoping resigned as a non-executive Director, the Chairman of the Board and the chairman of the nomination committee of the Company on 24 September 2019.

Name	Position held at the Company	Length of training received in 2019 *(hours)*	Areas covered in the training
Liu Jinhuan	Non-executive Director	315	Corporate governance and relevant regulations, strategy planning, corporate management, policy research, etc.
Yang Xiangbin	Non-executive Director	326	Corporate governance and relevant regulations, capital operating, assets management, financial research, investment decisions, etc.
Zhang Songyi	Independent non-executive Director	365	Corporate governance and relevant regulations, financial research, legal research, energy business, etc.
Meng Yan	Independent non-executive Director	378	Corporate governance and relevant regulations, accounting policies, financial management, financial innovation, corporate internal control, etc.
Han Dechang	Independent non-executive Director	376	Corporate governance and relevant regulations, business administration, marketing, strategic research, etc.

Notes:

1. As considered and approved at the 2020 first extraordinary general meeting of the Company, Mr. Zhang Xiaoliang was appointed as an non-executive Director of the Company on 28 February 2020. Therefore, he did not accept trainings in the reporting period.

In 2019, Mr. Jia Nansong and Ms. Chan Sau Ling, being the joint company secretaries of the Company, received no less than 15 hours of relevant professional training respectively, as required under Rule 3.29 of the Listing Rules.

7. Risk Management and Internal Control

The Company highly recognizes the importance of risk management and internal control. A sound and effective internal control system has been established to protect Shareholders' investments and the Company's assets.

In respect of rules and regulations, the Company has set up systems on internal control, including the Rules of Procedures of the Board Meeting (《董事會議事規則》), the Terms of Reference for the Audit Committee (《審計委員會議事規則》), the Terms of Reference for the Remuneration and Assessment Committee (《薪酬與考核委員會議事規則》), the Terms of Reference for the Nomination Committee (《提名委員會議事規則》), the Terms of Reference for the Strategic Committee (《戰略委員會議事規則》), the Provisions on Information Disclosure Management (《信息披露事務管理規定》), the Rules on the Management of Connected Transactions (《關連交易管理辦法》), Tentative Risk Management Framework (《風險管理框架試行》), the Template for Regular Declaration Requirement by Directors and Senior Management (《董事與高管定期聲明規定模板》), the Terms of Reference of the Senior Management of the Company (《公司高管職責說明書》), the Interim Measures on Anti-Corruption, Complaints and Reports (《反舞弊及接收投訴、舉報的暫行辦法》) and the Management System of Internal Audit (《內部審計管理制度》), etc.

In terms of organisational structure, the Company establishes sound governance and organisational structure. The Board, management and internal audit department fulfill their own duties and have clear division of work in risk management and internal supervision.

- The Board acts as the highest decision-making body with respect to overall risk management. The Board is responsible for assessing and determining the risk appetite for its operating strategy and supervising the management's design and implementation and inspection of the risk management and internal monitoring system to ensure the system is effective. The Board continuously guides and supervises risk management and internal control specifically through approval of the Company's overall objectives, planning and annual plan of risk management; determination of the overall objectives of risk management, risk appetite and risk tolerance of the Company, approval of the Company's risk judgment standards or judgment mechanism, risk management strategy, solutions for major risks, annual work report on overall risk management and risk assessment report on major decisions; approval of the supervision, appraisal and audit report of the Company's risk management; correction and treatment of risky decisions in violation of risk management systems made by any organisations or individuals; and determination of other major issues in relation to overall risk management of the Company.

- The management of the Company is in charge of the daily work of the overall risk management of the Company, organising the formulation, ongoing amendments and improvement of the risk management measures and other relevant management systems of the Company, establishment and improvement of the risk classification framework of the Company, and organisation of preparation of risk management operation guidelines, annual work plan on risk management and risk assessment standards of the Company. They should carry out risk assessment, determine risk management strategies, and prepare annual work report on overall risk management. Moreover, they take charge of publication and maintenance of basic information on risk management in the risk management information system of the Company and completion of other issues in relation to the overall risk management of the Company.

- The Company establishes internal audit departments such as Safety Supervision Department, Finance Administration Department, Corporate Operation and Legal Affairs Department, Audit Department, Office of Discipline Inspection Commission to take charge of monitoring finance, operation and regulatory compliance, including but not limited to financial operation and supervision, risk management, internal audit and anti-cheating.

The Company has a sound risk information report system in place. The Company conducts annual risk investigation, results of which will be reported to the audit committee directly and then to the Board by the audit committee on a regular basis. Furthermore, each department of the Company is able to submit relevant risk information to the Board smoothly. Being the most senior point of contact to each department, the President of the Company has the ability to effectively report to the Board in relation to the operational conditions of each department, and to coordinate and mobilise each department to enhance reasonable decision making within the Company. Accordingly, any possible significant risk factor (if subject to disclosure to the market) discovered by the staff can be reported to the management of the Company in a timely, accurate and effective manner and the decisions from the management of the Company can be implemented accurately and timely, and be exercised with supervision.

In respect of specific execution, the Company effectively ensures the implementation of risk management measures in all business sections by establishing and improving set of risk control implementation mechanisms including risk indicator early warning mechanism, risk information report system, risk management culture system and incentive system. The Company has established a top-down risk indicator early warning mechanism at different levels. The 2019 risk indicators cover 124 risks early-warning indicators under 5 major categories and 22 subcategories, i.e. company strategy, market, finance, operation and law. Compared with the end of 2018, a total of 61 of the above-mentioned risk indicators have been classified and optimised by the Company, each of which is set with an early warning interval. The Company calculates all the indicators on a monthly basis, and analyses and gives prompt early warning for the indicators within the early warning interval and issues a risk monitoring report on a regular basis.

The main features of the Company's risk management system are:

- **Dual-track parallel, vertical and horizontal cooperation.** Vertically, manage segment according to the professional risk control and management that is used to manage special risks of centralized business. Horizontally, manage segment according to the organization mode of summarizing and analyzing the risks in various fields of this level by the risk control centralized department. The dual-track operation not only ensures the professionalism of risk management, but also guarantees the overall synergy.

- **Three tiers, three lines, and one complementing one another.** The three tiers refers to the coordination mechanism jointly completed by the three levels of staff including the Board and committees, the management and the operations. The three lines refers to the joint prevention supervision mechanism, which is composed of the first line of defense of the business department, the second line of defense of the risk control and management department, and the third line of defense of the audit supervision department.

- **Unified standards and overall consideration.** Adopt a relatively unified standardized risk and internal control management framework within the Group system in order to coordinate the overall analysis of management, formulate standard business procedures and implementation standards for unified business modules, which are conducive to the next step of informatization to achieve online control and monitoring. Personalize the design for individualized businesses such as technology, engineering, training, etc.

- **Periodic itemization, closed-loop tracking.** Establish regular risk assessment and dynamic process early-warning. By way of monthly, quarterly and annual reports, etc., and the method of focusing on dynamic risk information by field and segment, take effective measures in time to reduce risks in response to abnormal conditions found in assessment and early-warning, timely report major risks to decision-making agencies for unified command and deployment.

As for the internal monitoring system of the Company, it has the following characteristics from the perspectives of the system of supervision, the scope of supervision and the method of supervision:

- **The system of supervision:** the Company has established a centralized, unified, comprehensively covered, authoritative and efficient internal audit supervision and management system, and formed a working mechanism in which administrative work is responsible and reported to the general manager and business work is reported to the audit committee.

- **The scope of supervision:** the scope of supervision includes: each unit's implementation of relevant laws, regulations and rules of the PRC, and the rules and regulations and material decisions of superior units and the Company in the usual course of business; financial budgets and final accounts, financial revenues and expenditures, implementation of internal control system; compliance with laws and regulations in respect of major infrastructure projects and technical renovation projects. The audit department may initiate a special audit or review on any material financial irregularities or issues of high concern or difficulties and, upon approval by the audit committee, may perform an unannounced inspection in special circumstances. Risk management and supervision work is deeply in production and operation, engineering construction, asset management, talent training and other professional fields. The whole process is followed up in real time to achieve prevention in advance, in-process control and subsequent improvement. Dynamically monitoring the risk level to timely find the deficiencies and make improvement, and achieve the closed-loop management of overall risk management work.

- **The method of supervision:** the Company keeps pace with the times and makes constant innovation on audit thought. The scope of the audit extends constantly, to the field of enterprise risk management from the field of the financial control, highlights the introversion service characteristic of internal audit, creates a good internal control environment, provides security for scientific establishment and effective operation of internal control of the Company, forms favorable defending line of corporate risk control, integrates the enterprise risk management into daily audit projects at the same time, and strengthens the degree of enterprise risk management control.

The Board bears the ultimate responsibility for the Company's risk management, internal control and compliance management and is responsible for reviewing the effectiveness of such systems. Considering that the above-mentioned risk management and supervision through internal control systems are designed to manage rather than eliminate the risks of failure to achieve business objectives, the Board can only provide reasonable and not absolute assurance that such systems and internal control can prevent any material misstatement or loss.

The Company continuously reviews and inspects the risk management and internal control during the reporting period each year. For important business areas and matters, the Company adopts a control combination of in advance, in-process and afterwards, which is linked to the assessment and accountability, including:

- **First, prevention in advance.** Listing troubleshooting of the risk by category and level is adopted in advance and comprehensive assessment is made quantitatively and qualitatively. Key monitoring areas, key projects and key steps are focused; based on risk factors, monitoring indicators are established for dynamic forewarning, and potential hidden dangers are accurately identified as early as possible. Measures are taken timely to match resources and formulate plans according to development trends.

- **Second, in-process control.** According to the risk scenario factors, internal control management methods are matched by multi-dimension, such as system process, operating standards, execution forms, informatization functions, data analysis and others. Matching post's responsibility with its permission, measures are decomposed and refined to the mainly responsible department, related posts, decision-making authorities and other roles; synchronous and independent supervision on important steps of key business is carried out and risks are resolved at the source.

- **Third, inspecting afterwards.** A regular evaluation and special inspection mechanism are established to trace the root causes of problems and take measures to solve them through sampling inspection of important steps of key areas and investigation of various risk incidents and violation cases.

- **Fourth, assessment and accountability.** Establish the assessment and accountability mechanism for the accountability according to the extent of the loss and the relevance of responsibility. If the situation involved is relatively serious, the Company will promptly and resolutely transfer the person(s) to the judicial authorities.

In 2019, external audit inspections to the Company were conducted by the National Audit Office, CHN Energy and other authorities at higher level. The Company has implemented national policies and measures and audited on the decision deployment of the Group and the Company, the realness and compliance of the financial revenues and expenditures, construction project management, operation management, the recycling of new energy subsidies and other situations since the 18th National Congress of the Communist Party of China. The audit which had a wide scope, a long duration and a great intensity made a necessary extending and tracing on important matters, and comprehensively checked the operation and management status of the Company without finding any hidden risks of major problems.

In addition, in accordance with the work plan, the Audit Department performed economic responsibility audit for the leaders who had left the Company, and an objective and fair evaluation was conducted on their performance of "one post two responsibilities (一崗雙責)", completion of operating indicators and compliance with rules and disciplines during their term of office. At the same time, the Company carried out all kinds of special audit according to the characteristics of the project company, which increased the audit intensity of the construction project. The Company carefully organized, cleared division of works, strengthened responsibility, ensured quality, timely reported the inspection and review results to the audit committee, and put forward the requirements of immediate amendment to the identified problems. The Company established rules and regulations to plug loopholes, constantly improved the process of system and the risk control system of the Company, and comprehensively improved the management level.

In December 2019, the Company assessed the operation results of the overall risk management internal control system during the reporting period. It was not aware of any material deficiencies or any material defaults with respect to internal controls of the Company during the period. The Board believes that the current monitoring control systems of the Company are effective and considers that the Company's resources in terms of accounting and financial reporting functions are adequate including staff qualifications and experience, staff training programs and relevant budget. The inspection improved the business department's capacities in terms of risk collection, risk assessment, risk analysis and risk response and improved the internal control process, thereby helping optimise the results of corporate governance, risk management and control process of the Company, improve the management of the Company, advance the continuous and healthy development of the Company and realise the Company's strategic goals.

8. Internal Audit Function

The audit department of the Company is responsible for group-wide audit. It regularly or irregularly carries out supervision on the comprehensive risk management of the units of the Company with a focus on material risks, important events and decisions as well as key businesses, and carries out independent and impartial supervision and assessment on the implementation of risk information collection, risk evaluation, risk resolution and risk management solutions. We adhere to regarding problems as the guide and benchmarking as the means during the work, insisting on the innovative ideas, and focusing on publicity of audit thinking, strengthening establishment of the risk awareness by subordinate units during the work, giving full play to audit supervision function, performing risk management responsibilities, eliminating potential risk of internal control, strengthening risk prevention and control, and dealing with the complex external and everchanging environment.

Compared with the first line of defense of the business department and that risk control is the second line of defense of the management department, internal audit, as the third line of defense of risk management, supervises the operation effect of the first two lines of defense, checks the completion situation and puts forward directional suggestions. At the same time, internal audit has the characteristics of advisory service, which can help enterprises eliminate potential risks of internal control and strengthen risk prevention and control. In addition, it can give full play in the value added role of internal audit, sort out and plug the existing problems and loopholes, and provide directional suggestions for prevention in advance and control in-process. It audits on several aspects such as the enterprise value management, enterprise information system, project, internal finance and operation, and reveals the risks and loopholes existing in enterprise management, production and operation, finance and other aspects.

The Company and its subordinate units set up internal audit institutions in accordance with relevant laws, regulations and regulations of the Company and ensure the personnel needed for the performance of duties of internal audit institutions. Legal representative or principal of each unit is in charge of the internal audit work. Auditors have professional knowledge and ability appropriate to the internal audit work which they engage in. Head of audit institutions has working background and more than 8 years' work experience of related posts in auditing, accounting, economy, law, or management and others. The Company supports and guarantees that auditors improve the occupational competence through continuing education and other ways, establishes and improves the work shift and cultivation, selection and appointment mechanism of auditing personnel, tries to build the internal audit platform into the cradle of training of enterprise management talent.

According to the working requirements of audit, relevant departments shall submit their work plans, budgets, statements, related documents and other data in a timely fashion; internal auditors have unrestricted access to accounting statements, accounts, vouchers and other documentary materials. Internal audit institutions may entrust social intermediary institutions to participate in the internal audit work according to work needs, and shall be responsible for the supervision, inspection and management of entrusted social audit institutions. Favorable communication shall be kept during the audit to ensure the favoring completion of the audit.

9. Inside Information

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

- is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the Safe Harbours set out in the Securities and Futures Ordinance;

- conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Securities and Futures Commission in June 2012 and the Hong Kong Stock Exchange in 2008 respectively; and

- has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior management of the Company is identified and authorized to act as the Company's spokesperson and responds to enquiries in allocated areas of issues.

10. Auditors and Their Remuneration

Ernst & Young and Baker Tilly China Certified Public Accountants LLP were appointed as auditors for the Company's financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises for the year ended 31 December 2019, respectively.

For the year ended 31 December 2019, the fees payable to Ernst & Young and Baker Tilly China Certified Public Accountants LLP for annual audit services were RMB8,380,000 and RMB6,600,000 respectively and the fees for interim review and other services were RMB6,300,000 and RMB770,000, respectively. The statements of the reporting responsibility of Ernst & Young, the Group's external auditor, in respect of the financial statements are set out on pages 208 to 210 of this annual report.

11. Shareholders' Meetings

During the reporting period, the Company held three Shareholders' meetings in total.

On 28 February 2019, the first extraordinary general meeting of the Company in 2019 was held. Mr. Liu Jinhuan (non-executive Director), Mr. Huang Qun (executive Director), and Mr. Meng Yan and Mr. Han Dechang (independent non-executive Directors) were present at the extraordinary general meeting; and Mr. Qiao Baoping, Mr. Luan Baoxing and Mr. Yang Xiangbin (non-executive Directors) and Mr. Zhang Songyi (independent non-executive Director), were absent from the meeting due to work reasons.

On 17 May 2019, the 2018 annual general meeting of the Company was held. Mr. Jia Yanbing and Mr. Huang Qun (executive Director), and Mr. Meng Yan and Mr. Han Dechang (independent non-executive Directors) were present at the annual general meeting; and Mr. Qiao Baoping, Mr. Liu Jinhuan, Mr. Luan Baoxing and Mr. Yang Xiangbin (non-executive Directors) and Mr. Zhang Songyi (independent non-executive Director), were absent from the meeting due to work reasons.

On 15 November 2019, the second extraordinary general meeting of the Company in 2019 was held. Mr. Yang Xiangbin (non-executive Director), and Mr. Meng Yan and Mr. Han Dechang (independent non-executive Directors) were present at the extraordinary general meeting; and Mr. Jia Yanbing and Mr. Huang Qun (resigned on 15 November 2019) (executive Director), Mr. Liu Jinhuan and Mr. Luan Baoxing (non-executive Directors) and Mr. Zhang Songyi (independent non-executive Director), were absent from the said meeting due to work reasons.

The Company will arrange the Board and relevant committee members to attend and answer questions from Shareholders at the forthcoming 2019 annual general meeting of the Company.

12. Communication Policy with Shareholders

The Company highly values Shareholders' opinions and advice, and proactively organises various investor relations activities to maintain connections with Shareholders and respond to the reasonable requests of Shareholders in a timely manner.

12.1 Shareholders' Rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between Shareholders and the Board. A forty-five (45) days' prior written notice for convening a general meeting shall be served to notify Shareholders, whose names appear in the register of members of the Company, of the matters proposed to be considered and the date and venue of the meeting. Shareholders who intend to attend the general meeting shall serve their written replies to the Company twenty (20) days prior to the date of the meeting.

Two or more Shareholders who severally or jointly hold more than 10% (including 10%) of the issued and voting shares of the Company may request the Board, in writing, to convene an extraordinary general meeting or a Shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall as soon as possible after receipt of the request proceed to convene an extraordinary general meeting or a Shareholders' class meeting within two months. The calculation of the abovementioned shareholdings shall be based on the information as at the date on which the written request is submitted.

If the Board fails to issue a notice to convene such a meeting within 30 days from the date of receipt of the above written request, Shareholders severally or jointly holding more than 10% (including 10%) of the issued and voting shares of the Company are entitled to request the Supervisory Board to convene an extraordinary general meeting or a Shareholders' class meeting and such request should be made in written form. The Supervisory Board may itself convene such a meeting within four months of the receipt of the request by the Board. In the case of the failure of the Supervisory Board to convene and preside over such a meeting, Shareholders severally or jointly holding more than 10% (including 10%) of the Company's shares for more than 90 consecutive days shall be entitled to convene the meeting. The procedures of convening such a meeting should follow, as far as possible, those of a Shareholders' meeting convened by the Board.

In the event the Company convenes an annual general meeting, Shareholders holding an aggregate of 3% (including 3%) or more of the Company's shares with voting rights are entitled to propose ad hoc motions in writing to the Company. The Company should include those motions which fall within the scope of duties and functions of general meetings into the agenda of the meeting. The ad hoc motions proposed by Shareholders shall be subject to the following requirements: (i) the contents shall not contravene any requirements of the laws and regulations and shall fall within the scope of the Company's operations and duties and functions of general meetings; (ii) they shall relate to definite topics and specific matters to resolve; and (iii) they shall be made in writing and submitted/delivered to the Board at least ten days prior to the holding of the general meeting.

12.2 Shareholders' Enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on its website at www.clypg.com.cn, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out on pages 398 to 400 of this annual report.

The Board welcomes Shareholders' views and encourages them to attend general meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address Shareholders' queries.

13. Investor Relations

13.1 Investor Relations Activities

Results Roadshows

In 2019, the Company published its 2018 annual results and 2019 interim results in March and August, respectively, and organised results roadshows. During the period of annual results conference, 215 analysts and investors attended the meeting. During the period of annual report roadshow, the management of the Company communicated with 41 new and existing Shareholders in a face-to-face manner through 15 investor meetings. 205 attended the interim results teleconference.

After the announcement of the first quarterly results and third quarterly results for 2019, the Company organised and held a teleconference with global investors. The two quarterly report teleconferences were attended by 73 and 75 large institutional investors and investment bank analysts, respectively, from Hong Kong, Singapore, Europe, the US and other regions.

Investors' Routine Calls and Visits

In 2019, the Company arranged 63 routine investor meetings by way of one-to-one/group/teleconference meetings and fully and effectively communicated and exchanged opinions with 217 institutional investors and analysts.

Investment Summits

In 2019, the Company arranged 7 investor summit held by investment banks by way of one-on-one/group/teleconference meetings, and held face-to-face conversations with 92 investment institution representatives.

13.2 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fair disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all Shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company. In 2019, the Company published 91 pieces of information on the stock exchange.

14. Contact Person of Joint Company Secretary

Ms. Chan Sau Ling from Tricor Services Limited, being an external service provider, is acting as the joint company secretary of the Company. Mr. Jia Nansong, secretary to the Board of the Company, is her primary contact person.

15. Articles of Association

The Articles of Association of the Company was published on the website of the Company for public access. During the reporting period, the amendment to the Articles of Association was considered and approved at the 2018 annual general meeting on 17 May 2019.

16. Roles and Responsibilities

Good governance emanates from an effective and accountable Board. The Board, directly and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, reviews the Company's compensation policies and succession planning, and ensures that effective governance and corporate social responsibility policies and sound internal control and risk management systems are in place.

The Chairman of the Board and the President of the Company are held by different persons. The Board and the management fulfill their duties in strict compliance with the requirements under the Articles of Association, the Terms of Reference for the Board of Directors of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司董事會議事規則》) and the Work Rules for President of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司總經理工作細則》) and relevant regulation.

17. Authorization of the Board

The Board reserves the decision making power on all major matters of the Company, including approving and supervising all matters relating to policies, overall strategy, internal control and risk management system, significant transactions (especially transactions involving conflicts of interest), financial information, nomination of Director candidates and other important financial, production and operational matters. The Directors may seek independent and professional opinions when performing their duties, with the expenses being borne by the Company. Meanwhile, the Directors are encouraged to independently consult the senior management of the Company.

The senior management is authorized to take charge of the Company's day-to-day management, administration and operation, and the Board will regularly review the performance of the senior management and the execution of relevant resolutions. The management shall obtain approval from the Board before entering into any major transactions.

18. Confirmation on the Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that each of the independent non-executive Directors is independent of the Company.

SUPERVISORY BOARD'S REPORT

On 6 July 2018, the current session of Supervisory Board was established upon the approval of the extraordinary general meeting of the Company. The current session of the Supervisory Board consists of three supervisors.

In 2019, the Supervisory Board acted in strict compliance with relevant laws, regulations, rules, regulatory documents (such as the Company Law of the PRC), and the Articles of Association, the Terms of Reference of the Supervisory Board of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司監事會議事規則》) and the Listing Rules of the Hong Kong Stock Exchange. In line with the Company's long-run interests and Shareholders' interests, it earnestly performed its duties of supervision as to the acts of Directors and senior management of the Company during the performance of their respective duties of the Company. Major work of the Supervisory Board in the reporting period is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

The 2019 first meeting of the fourth session of the Supervisory Board was held on 19 March 2019, at which (1) the Resolution Regarding the 2018 Annual Report and Results Announcement of the Company; and (2) the Resolution Regarding the Work Report of the Supervisory Board of the Company for the year 2018 were considered and approved.

The 2019 second meeting of the fourth session of the Supervisory Board was held on 20 August 2019, at which the Resolution Regarding the 2019 Interim Results Announcement and Interim Report of the Company was considered and approved.

The 2019 third meeting of the fourth session of the Supervisory Board was held on 30 December 2019, at which (1) the Resolution Regarding the Change of the Chairman of the Supervisory Board of the Company, (2) the Resolution Regarding the Change of the Supervisors of the Company; and (3) the Resolution Regarding the Proposal for Convening the 2020 First Extraordinary General Meeting of the Company were considered and approved.

II. WORK OF THE SUPERVISORY BOARD

The Supervisory Board mainly carried out the following work:

1. Inspection of the Legal Compliance of the Company's Operation

During the reporting period, members of the Supervisory Board reviewed the proposals which were submitted to the Board for consideration. Through attending such meetings as non-voting participants, the Supervisory Board was able to supervise the major decision-making processes and the performance of duties by the Board members and the senior management members of the Company. The Supervisory Board is of the opinion that the material decision making process of the Company has been in compliance with laws and regulations, that all Directors and senior management members of the Company have faithfully performed their duties with due diligence, earnestly implemented the resolutions of the general meetings, and stuck to lawful operation and prudent decision-making, and that no violation of laws, regulations and the Articles of Association or prejudice to the interests of the Shareholders have been found.

2. Inspection of the Company's Financial Condition

During the reporting period, the Supervisory Board reviewed the relevant financial information and the auditors' reports of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China, the accounting system issued by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns have been found. Having duly reviewed the 2019 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditors with an unqualified opinion, the Supervisory Board is of the opinion that such report gives an accurate, true and fair reflection of the financial condition and operating results of the Company on a consistent basis.

3. Inspection of the Company's Connected Transactions

During the reporting period, the Supervisory Board reviewed the information related to the Company's connected transactions with the controlling Shareholder of the Company. The Supervisory Board is of the opinion that such connected transactions were conducted in a fair and just way, at reasonable price, without prejudice to the interests of the Company and other Shareholders. The Directors, President and other senior management members of the Company have exercised the rights granted by the Shareholders and discharged their obligations in good faith and with due diligence. So far, the Supervisory Board is not aware of any abuse of authority which impairs the interests of the Shareholders and the legitimate rights of the employees of the Company.

4. Inspection of the Company's Information Disclosure

During the reporting period, the Supervisory Board reviewed the relevant documents the Company publicly disclosed. The Supervisory Board is of the opinion that the Company has disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

III. OPINIONS OF THE SUPERVISORY BOARD ON THE COMPANY'S WORK

The Supervisory Board opines that during the reporting period, the Group intensified operation and management and furthered reform and innovation, having thus maintained the healthy and advantageous sustainable developing momentum. The Supervisory Board is satisfied with the achievements of the Company made in the reporting period and is confident in the development prospects of the Company. The Supervisory Board will continue to diligently perform its supervisory duties and earnestly safeguard the legitimate interests of the Company and all Shareholders.

Chairman of the Supervisory Board
Yu Yongping

Beijing, 27 March 2020

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of China Longyuan Power Group Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 211 to 392, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment testing of certain property, plant and equipment	
As at 31 December 2019, the Group had property, plant and equipment ("PPE") of RMB114,607 million. Management determined that impairment indicators for certain PPE existed. For those PPE with impairment indicators identified, management performed impairment testing by determining the recoverable amounts of the cash-generating units ("CGUs") to which the PPE belong. The estimation of the recoverable amounts of the CGUs involved estimation of the discounted future cash flows which required significant management judgement and estimates, such as future sales volumes, future on-grid tariffs, future operating costs and discount rates. Related disclosures are included in notes 2(m), 4(b) and 15 to the consolidated financial statements.	We evaluated management's assumptions in determining the recoverable amounts of the CGUs to which the PPE belong. We assessed the key assumptions such as future sales volumes, future on-grid tariffs, future operating costs by comparing them with the recent historical results of the related CGUs, the budget and feasibility report, and evidence obtained subsequent to the end of the reporting period. In addition, we evaluated the sensitivity analysis performed by management. We also involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts, and evaluated the adequacy of the disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessing the expected credited losses ("ECL") of loans and advances to related parties and third parties	
As at 31 December 2019, the Group had loans and advances to related parties and third parties of RMB1,002 million, of which RMB928 million was included in the prepayments and other current assets and RMB74 million was included in the other assets of the Group. ECL of the loans and advances to related parties and third parties was assessed by considering the individual debtors and the groups of debtors with similar credit risk characteristics. We focused on this area because significant judgement is required in determining the ECL of these receivables. Specific factors that management considered included the ageing of the balances, the credit-worthiness of the debtors, the historical loss experience and the anticipated operation of the counterparties. Related disclosures are included in notes 2(p), 4(a), 21 and 24 to the consolidated financial statements.	We assessed the categorisation of loans and advances to related parties and third parties in the ageing report by reconciling the total amounts in the ageing report to the balances of loans and advances to related parties and third parties in the general ledger and by checking a sample of individual items with the relevant underlying documentation; We assessed management's estimation on the expected loss of individual material balances and the expected loss rate of each category group, evaluating the basis and factors used in the estimation; and We checked the bank statements and other relevant underlying documentation for the cash receipts from debtors subsequent to the end of the reporting period.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Bennett S.H. Wai.

Ernst & Young
Certified Public Accountants
Hong Kong

27 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Revenue	5	**27,540,630**	26,387,923
Other net income	6	**843,317**	917,476
Operating expenses			
Depreciation and amortisation		**(7,633,307)**	(7,286,259)
Coal consumption		**(2,236,252)**	(2,464,806)
Coal sales costs		**(3,515,485)**	(3,150,753)
Service concession construction costs		**(117,771)**	(14,112)
Personnel costs		**(2,352,085)**	(2,074,951)
Material costs		**(164,409)**	(192,440)
Repairs and maintenance		**(820,363)**	(818,624)
Administration expenses		**(564,213)**	(588,461)
Other operating expenses		**(1,033,836)**	(1,472,961)
		(18,437,721)	(18,063,367)
Operating profit		**9,946,226**	9,242,032
Finance income		**140,100**	211,687
Finance expenses		**(3,625,637)**	(3,724,382)
Net finance expenses	7	**(3,485,537)**	(3,512,695)
Share of profits less losses of associates and joint ventures		**(10,233)**	167,499
Profit before taxation	8	**6,450,456**	5,896,836
Income tax	9	**(1,130,758)**	(975,616)
Profit for the year		**5,319,698**	4,921,220

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 *RMB'000*	2018 *RMB'000*
Other comprehensive income/(loss):			
Other comprehensive income/(loss) that not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income/(loss), net of tax		**153,250**	(112,543)
Other comprehensive (loss)/income that to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(25,629)**	(116,386)
Exchange difference on net investment in overseas subsidiaries		**8,360**	(69,730)
Other comprehensive income/(loss) for the year, net of tax	12	**135,981**	(298,659)
Total comprehensive income for the year		**5,455,679**	4,622,561
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**4,324,790**	3,923,809
– Perpetual medium-term notes holders	44	**242,000**	242,000
Non-controlling interests		**752,908**	755,411
Profit for the year		**5,319,698**	4,921,220
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**4,471,367**	3,644,575
– Perpetual medium-term notes holders	44	**242,000**	242,000
Non-controlling interests		**742,312**	735,986
Total comprehensive income for the year		**5,455,679**	4,622,561
Basic and diluted earnings per share *(RMB cents)*	13	**53.82**	48.83

The notes on pages 220 to 392 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2019** **RMB'000**	2018 RMB'000
Non-current assets			
Property, plant and equipment	15	**114,607,185**	110,000,510
Investment properties		**8,860**	9,591
Lease prepayments	16(a)	**–**	2,152,429
Right-of-use assets	16(b)	**3,154,801**	–
Intangible assets	17	**7,669,653**	8,109,681
Goodwill	18	**61,490**	61,490
Investments in associates and joint ventures	20	**4,328,089**	4,549,432
Other assets	21	**3,786,220**	3,688,776
Deferred tax assets	32(b)	**157,201**	146,376
Total non-current assets		**133,773,499**	128,718,285
Current assets			
Inventories	22	**819,218**	851,973
Trade and bills receivables	23	**16,365,170**	10,541,524
Prepayments and other current assets	24	**1,963,316**	2,818,545
Tax recoverable	32(a)	**200,109**	210,578
Other financial assets	25	**249,523**	249,080
Restricted deposits	26	**523,403**	253,090
Cash at banks and on hand	27	**2,908,445**	2,861,261
Total current assets		**23,029,184**	17,786,051
Current liabilities			
Borrowings	28(b)	**28,964,731**	28,335,804
Trade and bills payables	29	**3,411,125**	2,058,877
Other current liabilities	30	**10,840,352**	9,121,974
Obligations under finance leases	31	**–**	53,945
Lease liabilities	16(c)	**92,126**	–
Tax payable	32(a)	**229,507**	209,668
Total current liabilities		**43,537,841**	39,780,268
Net current liabilities		**(20,508,657)**	(21,994,217)
Total assets less current liabilities		**113,264,842**	106,724,068

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Non-current liabilities			
Borrowings	28(a)	**48,881,478**	46,644,884
Obligations under finance leases	31	**–**	361,478
Lease liabilities	16(c)	**743,833**	–
Deferred income	34	**1,324,754**	1,449,938
Deferred tax liabilities	32(b)	**263,182**	164,260
Other non-current liabilities	35	**1,396,523**	1,537,715
Total non-current liabilities		**52,609,770**	50,158,275
NET ASSETS		**60,655,072**	56,565,793
CAPITAL AND RESERVES			
Share capital	36(c)	**8,036,389**	8,036,389
Perpetual medium-term notes	44	**4,991,000**	4,991,000
Reserves	36(d)	**39,895,253**	36,209,041
Total equity attributable to equity holders of the Company		**52,922,642**	49,236,430
Non-controlling interests		**7,732,430**	7,329,363
TOTAL EQUITY		**60,655,072**	56,565,793

Approved and authorised for issue by the Board of directors on 27 March 2020.

Jia Yanbing	**Sun Jinbiao**
Chairman	*Executive Director*

The notes on pages 220 to 392 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

		Attributable to the equity holders of the Company									
	Notes	Share capital *RMB'000*	Perpetual medium-term notes *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 36 (d)(i))*	Statutory surplus reserve *RMB'000* *(Note 36(d)(ii))*	Exchange reserve *RMB'000* *(Note 36(d)(iii))*	Fair value reserve *RMB'000* *(Note 36(d)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2019		8,036,389	4,991,000	14,708,774	1,486,824	(448,576)	91,206	20,370,813	49,236,430	7,329,363	56,565,793
Changes in equity:											
Profit for the year		–	242,000	–	–	–	–	4,324,790	4,566,790	752,908	5,319,698
Other comprehensive (loss)/income		–	–	–	–	(4,990)	151,567	–	146,577	(10,596)	135,981
Total comprehensive income/(loss)		–	242,000	–	–	(4,990)	151,567	4,324,790	4,713,367	742,312	5,455,679
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	209,886	209,886
Appropriation		–	–	–	256,683	–	–	(256,683)	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(549,131)	(549,131)
Dividends to shareholders of the Company	36(b)	–	–	–	–	–	–	(785,155)	(785,155)	–	(785,155)
Distribution for perpetual medium-term notes	44	–	(242,000)	–	–	–	–	–	(242,000)	–	(242,000)
At 31 December 2019		8,036,389	4,991,000	14,708,774*	1,743,507*	(453,566)*	242,773*	23,653,765*	52,922,642	7,732,430	60,655,072

* These reserve accounts comprise the consolidated reserves of RMB39,895,253,000 (2018: RMB36,209,041,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

		Attributable to the equity holders of the Company									
	Notes	Share capital RMB'000	Perpetual medium-term notes RMB'000 (Note 44)	Capital reserve RMB'000 (Note 36 (d)(i))	Statutory surplus reserve RMB'000 (Note 36(d)(ii))	Exchange reserve RMB'000 (Note 36(d)(iii))	Fair value reserve RMB'000 (Note 36(d)(iv))	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018		8,036,389	4,991,000	14,697,943	1,267,175	(280,056)	201,920	17,404,394	46,318,765	7,173,431	53,492,196
Changes in equity:											
Profit for the year		–	242,000	–	–	–	–	3,923,809	4,165,809	755,411	4,921,220
Other comprehensive loss		–	–	–	–	(168,520)	(110,714)	–	(279,234)	(19,425)	(298,659)
Total comprehensive income/(loss)		–	242,000	–	–	(168,520)	(110,714)	3,923,809	3,886,575	735,986	4,622,561
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	60,721	60,721
Acquisition of non-controlling interests		–	–	–	–	–	–	–	–	(66,793)	(66,793)
Appropriation		–	–	–	219,649	–	–	(219,649)	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(573,982)	(573,982)
Dividends to shareholders of the Company	36(b)	–	–	–	–	–	–	(737,741)	(737,741)	–	(737,741)
Acquisition of a subsidiary		–	–	10,831	–	–	–	–	10,831	–	10,831
Distribution for perpetual medium-term notes	44	–	(242,000)	–	–	–	–	–	(242,000)	–	(242,000)
At 31 December 2018		8,036,389	4,991,000	14,708,774*	1,486,824*	(448,576) *	91,206*	20,370,813*	49,236,430	7,329,363	56,565,793

The notes on pages 220 to 392 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Cash flows from operating activities			
Profit before taxation		**6,450,456**	5,896,836
Adjustments for:			
Depreciation		**7,113,251**	6,741,415
Amortisation		**520,056**	544,844
Provision of impairment losses on property, plant and equipment and intangible assets	8	**1,508**	266,162
Profit on disposal of property, plant and equipment and lease prepayments	6	**–**	(39,551)
Interest expenses on financial liabilities		**3,202,870**	3,357,963
Interest expenses on lease liabilities	7	**34,548**	19,852
Net foreign exchange losses		**3,968**	17,114
Net unrealised losses/(gains)on derivative financial instruments	7	**46,455**	(27,781)
Interest income on financial assets	7	**(77,227)**	(111,065)
Dividend income		**(59,037)**	(58,594)
Share of profits less losses of associates and joint ventures		**10,233**	(167,499)
Deferred income		**(128,047)**	(113,517)
Changes in fair value of listed equity securities designated at fair value through profit or loss		**13,221**	(845)
Changes in working capital:			
Decrease in inventories		**32,755**	101,393
Increase in trade and bills receivables		**(5,823,646)**	(3,022,739)
Decrease in prepayments, restricted deposits and other current assets		**694,237**	173,200
Increase in trade and bills payables and other current liabilities		**1,543,798**	1,784,065
Cash generated from operations		**13,579,399**	15,361,253
Income tax paid	32	**(1,064,161)**	(1,105,767)
Net cash generated from operating activities		**12,515,238**	14,255,486

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment, land use rights and intangible assets		**(11,787,426)**	(8,720,447)
Payments for loans and advances		**(128,327)**	(1,086,755)
Proceeds from repayment of loans and advances		**628,111**	763,218
Payments for acquisition of investments in associates and joint ventures, and equity investments		**(17,359)**	(5,000)
Payments/prepayments for acquisition of subsidiaries, net of cash acquired		**(118,810)**	162
Proceeds from disposal of property, plant, equipment, land use rights, and intangible assets		**22,465**	111,627
Dividends received		**539,761**	295,930
Interest received		**99,234**	74,951
Purchase of short-term investments, net		**(12,050)**	(66,640)
Net cash used in investing activities		**(10,774,401)**	(8,632,954)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Cash flows from financing activities			
Capital contributions		**209,886**	60,721
Proceeds from borrowings		**54,280,736**	71,579,154
Repayment of borrowings		**(51,638,710)**	(74,185,425)
Proceeds from finance leases		**14,550**	–
Dividends paid by subsidiaries to non-controlling equity owners		**(352,743)**	(550,934)
Dividends paid to shareholders of the Company		**(785,155)**	(737,741)
Interest paid for borrowings		**(3,061,677)**	(3,591,759)
Acquisition of non-controlling interests		**–**	(66,792)
Interest paid for perpetual medium-term notes		**(242,000)**	(242,000)
Repayment of finance leases		**(125,192)**	(67,213)
Net cash used in financing activities		**(1,700,305)**	(7,801,989)
Net increase/(decrease) in cash and cash equivalents		**40,532**	(2,179,457)
Cash and cash equivalents at the beginning of year		**2,861,261**	5,071,579
Effect of foreign exchange rate changes		**6,652**	(30,861)
Cash and cash equivalents at the end of year	27	**2,908,445**	2,861,261

The notes on pages 220 to 392 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") are principally engaged in wind and coal power generation and sale, coal trading and other related businesses in the People's Republic of China (the "PRC").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all applicable International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of consolidation (Continued)

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

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

Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2019 amounting to RMB20,508,657,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure(see note 37(c)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain trade and bills receivables, equity investments at fair value through other comprehensive income and derivative financial instruments are stated at their fair value.

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

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its major subsidiaries.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates and joint ventures

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

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to net assets of the arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss and other comprehensive income whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(n)).

In the Company-level statement of financial position, the Company's investments in associates and joint ventures are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill

Goodwill represents the excess of:

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

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

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

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

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

(f) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the year or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's shareholders' consolidated financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the shareholders that control the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties

Investment properties are land and buildings which are owned or held as a right-of-use assets (see note 2(k)) to earn rental income and/or for capital appreciation.

Investment properties are stated in the consolidated statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(m)). Depreciation is calculated to write off the cost less residual value if applicable, using the straight-line method over the estimated useful lives ranging from 30 to 50 years. Rental income from investment properties is accounted for as described in note 2(x).

(h) Property, plant and equipment

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

–	Land, buildings and structures	10–40 years
–	Wind turbines	15–25 years
–	Other machinery and equipment	4–30 years
–	Motor vehicles	5–15 years
–	Furniture, fixtures and others	4–18 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill)

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (see note 2(m)).

Other intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Concession assets	20–25 years
– Software and others	5 years

Both the period and method of amortisation are reviewed annually.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

(k) Leases

Policies applicable from 1 January 2019

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Policies applicable from 1 January 2019 (Continued)

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

–	Land use rights	20–50 years
–	Buildings and structures	2–8 years
–	Generators and related equipment	5–20 years
–	Motor vehicles	2–3 years
–	Sea use rights	20–30 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Policies applicable from 1 January 2019 (Continued)

(i) Group as a lessee (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Policies applicable from 1 January 2019 (Continued)

(i) Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(ii) Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Policies applicable before 1 January 2019

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(h). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(m). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

Policies applicable before 1 January 2019 (Continued)

(iii) Sales and leaseback arrangements resulting in finance leases

A sales and leaseback arrangement which results in a finance lease is a means whereby the lessor provides finance to the lessee with the asset as security. To reflect the substance of the transaction, any excess of sales proceeds over the carrying amount of the asset is deferred and amortised as an adjustment to the depreciation of the asset. If the sales proceeds are less than the carrying amount of the asset which indicates that the asset may be impaired, an impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount (note 2(m)). Any deficit of sales proceeds lower than the carrying amount, in the absence of impairment, is also deferred and amortised as an adjustment to the depreciation of the asset.

(iv) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair value measurement

The Group measures its certain trade and bills receivables, unquoted equity investment in non-listed companies, equity investment in listed companies, other financial assets, and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets

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

– property, plant and equipment;

– investment properties;

– Lease prepayments/right-of-use assets;

– intangible assets;

– goodwill; and

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

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets (Continued)

– **Calculation of the recoverable amount**

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

– **Recognition of impairment losses**

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

– **Reversals of impairment losses**

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for section 2(x) "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as financial income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(o) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(p) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

General approach (Continued)

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(q) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, lease liabilities, obligations under finance leases, trade and bills payables and financial liabilities included in other liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(r) Inventories

Inventories excluding spare parts are carried at the lower of cost and net realisable value. Spare parts are stated in the statement of financial position at cost less provision for obsolescence.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Inventories (Continued)

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(s) Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any interests and distributions are discretionary. Interests and distributions on perpetual securities classified as equity are recognised as distributions within equity.

Perpetual securities are classified as a liability if it is redeemable on a specific date or at the option of the holder of the note, or if any interest payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(q) and, accordingly, interests thereon are recognised on an accrual basis in profit or loss as part of finance expenses.

(t) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within a maturity of within three months at acquisition. Cash and cash equivalents are not restricted as to use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Employee benefits

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

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for the statutory defined contribution pension plans are recognised as an expense in profit or loss when they are due.

(ii) Termination benefits

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

(v) Income tax

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax (Continued)

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax (Continued)

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

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

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

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

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

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

  – the same taxable entity; or

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Provisions and contingent liabilities

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(w)(ii). Contingent liabilities acquired assumed in a business combination that cannot be reliably fair-valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(w)(ii).

(ii) Other provisions and contingent liabilities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(i) Sale of electricity, steam and goods (including coal trading)

Revenue from the sale of electricity and goods is recognised at the point in time when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies or on delivery of the goods.

(ii) Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from the operation under a service concession construction contract is recognised at the point in time as described in (i) Sale of electricity, steam and goods (including coal trading).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

Other income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Translation of foreign currencies (Continued)

The results of those entities, the functional currency of which is other than RMB, are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position are translated into RMB at the foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. When the exchange differences related to a foreign operation that is consolidated but not wholly owned, accumulated exchange differences arising from translation and attributable to non-controlling interests are allocated to, and recognised as part of, non-controlling interests in the consolidated statement of financial position.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when profit or loss on disposal is recognised.

(z) Borrowing costs

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Related parties (Continued)

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

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

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

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

(ab) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Changes in accounting policies and disclosures

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

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interest in Associates and Joint Ventures*
International Financial Reporting Interpretations Committee ("IFRIC") 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

Except for amendments to IFRS 9, IAS 19, and *Annual Improvements to IFRSs 2015–2017 Cycle* – Amendments to IFRS 3, IFRS 11 and IAS 12, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(i) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard was applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and Continued to be reported under IAS 17 and related interpretations.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) (Continued)

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) (Continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

The Group has elected not to recognise right-of-use assets and lease liabilities for (1) leases of low-value assets (e.g., laptop computers and telephones); and (2) short-term leases. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impact on transition (Continued)

All these assets were assessed for any impairment based on IAS 36. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB449 million, prepayments on land use rights of RMB2,152 million and sea use rights of RMB217 million that were reclassified from property, plant and equipment, lease prepayments and intangible assets, respectively.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- Relying on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review; and
- Excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application

As a lessee – Leases previously classified as financial leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., obligations under finance leases) measured under IAS 17.

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3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) (Continued)

As a lessee – Leases previously classified as financial leases (Continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/ (Decrease) *RMB'000*
Assets	
Increase in right-of-use assets	2,911,487
Decrease in property, plant and equipment	(448,876)
Decrease in lease prepayments	(2,152,429)
Decrease in intangible assets	(217,325)
Increase in total assets	92,857
Liabilities	
Increase in lease liabilities	719,711
Decrease in other non-current liabilities	(211,431)
Decrease in obligations under finance leases	(415,423)
Increase in total liabilities	92,857

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3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 were as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	124,334
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,059
Add: Commitments relating to leases previously classified as finance leases as at 31 December 2018	484,598
Commitments relating to leases previously classified as other non-current liabilities as at 31 December 2018	366,934
Total undiscounted lease liabilities as at 1 January 2019 for adoption of IFRS16	974,807
Weighted average incremental borrowing rate as at 1 January 2019	4.58%
Lease liabilities as at 1 January 2019	719,711

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(ii) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures Continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(iii) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (1) whether an entity considers uncertain tax treatments separately; (2) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (3) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (4) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the financial position or performance of the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(iv) Amendments under *Annual Improvements to IFRSs 2015–2017 Cycle*

IAS 23 *Borrowing Costs:* Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any impact on the financial position or performance of the Group.

(b) Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that the Group believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an ongoing basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes that the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Provision for expected credit losses on receivables

The Group makes provision for impairment of receivables based on assumptions about risk of default and expected loss rates (Note 2(p)). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward–looking estimates at the balance sheet date.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(b) Impairment losses of non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill and investments in associates and joint ventures, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate the selling price because quoted market prices for these assets may not be readily available. In determining the value in use for each smallest identifiable group of assets that generate independent cash flows ("CGU"), expected cash flows generated by each CGU are discounted to their present value, which requires significant judgement relating to items such as future sales volumes, future on-grid tariffs, future capital expenditure, future operating costs and the discount rates applied. The Group uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as future sales volumes, future on-grid tariffs, future capital expenditure, future operating costs and the discount rates applied.

(c) Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 37(g) to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. Further details are included in note 37(g) to the financial statements.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(d) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(e) Determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of building and structures due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., two to five years) and there will be a significant negative effect on production if a replacement is not readily available.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(f) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(g) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

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4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(h) Income tax

The Group is subject to income taxes in numerous tax authorities. Judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

5 REVENUE

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

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**22,319,331**	21,895,372
Sales of steam	**676,919**	664,017
Service concession construction revenue *(note 47)*	**117,771**	14,112
Sales of coal	**3,656,575**	3,261,970
Others	**770,034**	552,452
	27,540,630	26,387,923

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5 REVENUE (Continued)

(i) Disaggregated revenue information:

For the year ended 31 December 2019

	Wind power RMB'000	Coal power RMB'000	Other business RMB'000	Total RMB'000
Types of goods and services				
Sales of electricity	18,956,987	2,975,830	386,514	22,319,331
Sales of steam	–	676,919	–	676,919
Service concession construction revenue	117,771	–	–	117,771
Sales of coal	–	3,656,575	–	3,656,575
Others	24,196	474,980	270,858	770,034
	19,098,954	7,784,304	657,372	27,540,630
Geographic markets				
Mainland China	18,489,651	7,784,304	657,372	26,931,327
Canada	215,253	–	–	215,253
South Africa	394,050	–	–	394,050
	19,098,954	7,784,304	657,372	27,540,630
Timing of revenue recognition				
Goods transferred at a point of time	18,956,987	7,662,013	386,514	27,005,514
Services transferred over time	141,967	122,291	270,858	535,116
	19,098,954	7,784,304	657,372	27,540,630

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5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued):

For the year ended 31 December 2018

	Wind power RMB'000	Coal power RMB'000	Other business RMB'000	Total RMB'000
Types of goods and services				
Sales of electricity	18,398,949	3,104,419	392,004	21,895,372
Sales of steam	–	664,017	–	664,017
Service concession construction revenue	14,112	–	–	14,112
Sales of coal	–	3,261,970	–	3,261,970
Others	10,938	283,709	257,805	552,452
	18,423,999	7,314,115	649,809	26,387,923
Geographic markets				
Mainland China	17,824,280	7,314,115	649,809	25,788,204
Canada	209,237	–	–	209,237
South Africa	390,482	–	–	390,482
	18,423,999	7,314,115	649,809	26,387,923
Timing of revenue recognition				
Goods transferred at a point of time	18,398,949	7,181,583	394,324	25,974,856
Services transferred over time	25,050	132,532	255,485	413,067
	18,423,999	7,314,115	649,809	26,387,923

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5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued):

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

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and service-others	**173,131***	95,794*

* Contract liabilities as at 1 January 2019 with a total amount of RMB173,131,000 was recognised as revenue in 2019 (1 January 2018: RMB95,794,000).

(ii) Performance obligations

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

Sales of electricity, steam and coal

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

Service concession construction revenue

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

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5 REVENUE (Continued)

(ii) Performance obligations (Continued)

Rendering of services

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

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

	2019 RMB'000	2018 RMB'000
Amounts expected to be recognised as revenue：		
Within one year	20,418	88,692
After one year	247,009	263,662
	267,427	352,354

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

6 OTHER NET INCOME

	2019 RMB'000	2018 RMB'000
Government grants	775,685	761,446
Rental income from investment properties	19,501	35,945
Gains on disposal of plant, property and equipment and lease prepayments	–	39,551
Others	48,131	80,534
	843,317	917,476

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7 FINANCE INCOME AND EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Interest income on financial assets	**77,227**	111,065
Dividend income	**59,037**	58,594
Net unrealised profits on trading securities and derivative financial instruments	**–**	28,626
Foreign exchange gains	**3,836**	13,402
Finance income	**140,100**	211,687
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,397,232**	2,498,690
Interest on bank and other borrowings repayable more than five years	**1,110,714**	1,176,130
Interest on lease liabilities	**34,548**	–
Finance charges on obligations under finance leases	**–**	19,852
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(305,076)**	(316,857)
	3,237,418	3,377,815
Foreign exchange losses	**7,804**	30,516
Net unrealised losses on trading securities and derivative financial instruments	**59,676**	–
Bank charges and others	**320,739**	316,051
Finance expenses	**3,625,637**	3,724,382
Net finance expenses	**(3,485,537)**	(3,512,695)

The borrowing costs have been capitalised at rates of 2.60% to 5.15% per annum for the year ended 31 December 2019 (2018: 3.96% to 5.15%).

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8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2019	2018
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**2,052,465**	1,801,178
Contributions to defined contribution retirement plans	**299,620**	273,773
	2,352,085	2,074,951

(b) Other items

	2019	2018
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments *(note (i))*	**–**	84,104
– intangible assets *(note (i))*	**520,056**	460,740
Depreciation		
– investment properties	**731**	731
– property, plant and equipment *(note (i))*	**6,979,801**	6,740,684
– right-of-use assets *(note (i))*	**132,719**	–
Provision of impairment losses		
– property, plant and equipment	**1,508**	265,907
– trade and other receivables	**1,249**	248,202
– intangible assets	**–**	255

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8 PROFIT BEFORE TAXATION (Continued)

(b) Other items (Continued)

	2019	2018
	RMB'000	*RMB'000*
Auditors' remuneration		
– annual audit service	**14,980**	14,980
– interim review service	**6,300**	6,300
– other services	**770**	1,170
Operating lease charges		
– plant and equipment	**8,172**	15,449
– properties	**26,405**	41,264
Cost of inventories	**5,916,146**	5,807,999

Note:

(i) Upon the adoption of IFRS 16, depreciation of finance lease assets was reclassified from "depreciation – property, plant and equipment"to"depreciation – right-of-use assets",amortisation of lease prepayments was reclassified from "amortisation – lease prepayments" to "depreciation – right-of-use assets", and amortisation of sea use rights was reclassified from "amortisation – intangible assets" to "depreciation – right-of-use assets".

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

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

	2019 *RMB'000*	2018 *RMB'000*
Current tax		
Provision for the year	**1,078,229**	964,101
Underprovision in respect of prior years	**16,240**	14,290
	1,094,469	978,391
Deferred tax		
Origination and reversal of temporary differences *(note 32(b))*	**36,289**	(2,775)
	1,130,758	975,616

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2019 and 2018, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

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

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

Notes (Continued) :

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

Pursuant to CaiShui [2011] No.58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

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

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

The Company's subsidiary in Canada is subject to income tax at a rate of 26.5%. The Company's subsidiary in South Africa is subject to income tax at a rate of 28%.

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

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

	2019 *RMB'000*	2018 *RMB'000*
Profit before taxation	**6,450,456**	5,896,836
Notional tax on profit before taxation	**1,612,614**	1,474,209
Tax effect of non-deductible expenses	**41,183**	15,968
Tax effect of share of profits less losses of associates and joint ventures	**2,558**	(41,875)
Tax effect of non-taxable income	**(11,921)**	(266)
Effect of differential tax rate of certain subsidiaries of the Group	**(683,083)**	(545,889)
Use of unrecognised tax losses in prior years	**(13,440)**	(9,109)
Tax effect of unused tax losses and deductible temporary differences not recognised	**166,607**	61,600
Underprovision in respect of prior years	**16,240**	14,290
Others	**–**	6,688
Income tax	**1,130,758**	975,616

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to the Listing Rules section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2019:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2019 Total *RMB'000*
Directors					
Mr. Jia Yanbing *(Chairman)* (Appointed as Director in February 2019 and as Chairman in September 2019)	–	444	498	122	1,064
Mr. Qiao Baoping *(Chairman)* (Resigned in September 2019)	–	–	–	–	–
Mr. Huang Qun (Resigned in November 2019)	–	367	776	131	1,274
Mr. Sun Jinbiao (Appointed in November 2019)	–	106	124	29	259
Mr. Luan Baoxing	–	–	–	–	–
Mr. Yang Xiangbin	–	–	–	–	–
Mr. Liu Jinhuan	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Songyi	143	–	–	–	143
Mr. Meng Yan	143	–	–	–	143
Mr. Han Dechang	143	–	–	–	143
Supervisors					
Mr. Yu Yongping	–	–	–	–	–
Mr. Chen Bin	–	–	–	–	–
Mr. Ding Yinglong	–	280	377	96	753
	429	1,197	1,775	378	3,779

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

For the year ended 31 December 2018:

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2018 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors					
Mr. Qiao Baoping *(Chairman)*	–	–	–	–	–
Mr. Huang Qun	–	336	783	127	1,246
Mr. Luan Baoxing	–	–	–	–	–
Mr. Yang Xiangbin	–	–	–	–	–
Mr. Wang Baole (Resigned in May 2018)	–	–	–	–	–
Mr. Li Enyi (Resigned in December 2018)	–	317	742	128	1,187
Mr. Liu Jinhuan (Appointed in May 2018)	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Songyi	143	–	–	–	143
Mr. Meng Yan	143	–	–	–	143
Mr. Han Dechang	143	–	–	–	143
Supervisors					
Mr. Yu Yongping	–	–	–	–	–
Mr. Xie Changjun (Resigned in May 2018)	–	–	–	–	–
Mr. He Shen (Resigned in July 2018)	–	145	437	54	636
Mr. Chen Bin (Appointed in May 2018)	–	–	–	–	–
Mr. Ding Yinglong (Appointed in August 2018)	–	254	405	95	754
	429	1,052	2,367	404	4,252

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11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included in the five highest paid individuals for the years ended 31 December is set forth below:

	2019	2018
Directors	**1**	2
Non-directors	**4**	3
	5	5

The emoluments of the directors are disclosed in note 10. The aggregate of the emoluments in respect of the remaining highest paid individuals is as follows:

	2019 ***RMB'000***	2018 *RMB'000*
Salaries and other emoluments	**1,466**	847
Discretionary bonuses	**2,993**	1,988
Retirement scheme contributions	**470**	346
	4,929	3,181

The emoluments of the individuals (non-directors) with the highest emoluments are within the following bands:

	2019	2018
HKD1,000,001 to HKD1,500,000	**4**	3

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12 OTHER COMPREHENSIVE INCOME

	2019 *RMB'000*	2018 *RMB'000*
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income/(loss) ("FVOCI"):		
– Changes in fair value recognised during the year	**205,465**	(84,675)
– Tax expense	**(52,215)**	(27,868)
Net of tax amount	**153,250**	(112,543)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of financial statements of overseas subsidiaries:		
– Before and net of tax amount	**(25,629)**	(116,386)
Exchange difference on net investment in overseas subsidiaries:		
– Before and net of tax amount	**8,360**	(69,730)
Other comprehensive income/(loss)	**135,981**	(298,659)

13 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2019 of RMB4,324,790,000 (2018: RMB3,923,809,000) and the number of shares in issue during the year ended 31 December 2019 of 8,036,389,000 (2018: 8,036,389,000).

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

14 SEGMENT REPORTING

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

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

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

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

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and joint ventures, equity investments at fair value through other comprehensive income, other financial assets, tax recoverable, deferred tax assets and unallocated head office and corporate assets. Segment liabilities include trade and bills payables, lease liabilities, deferred income, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and unallocated head office and corporate liabilities.

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2019:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	18,956,987	2,975,830	386,514	22,319,331
– Others	24,196	4,808,474	270,858	5,103,528
Subtotal	18,981,183	7,784,304	657,372	27,422,859
Inter-segment revenue	–	–	617,356	617,356
Reportable segment revenue	18,981,183	7,784,304	1,274,728	28,040,215
Reportable segment profit (operating profit)	9,529,909	570,262	21,871	10,122,042
Depreciation and amortisation before inter-segment elimination	(7,074,869)	(371,115)	(224,534)	(7,670,518)
(Provision)/reversal of impairment losses of trade and other receivables	(1,931)	–	682	(1,249)
Provision of impairment losses of property, plant and equipment	(1,508)	–	–	(1,508)
Interest income	22,060	19,380	35,787	77,227
Interest expense	(3,013,571)	(84,678)	(139,169)	(3,237,418)
Reportable segment assets	152,676,792	5,253,632	6,354,343	164,284,767
Expenditures for reportable segment non-current assets during the year	12,219,742	257,530	53,308	12,530,580
Reportable segment liabilities	102,346,662	3,578,093	10,416,360	116,341,115

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2018:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	18,398,949	3,104,419	392,004	21,895,372
– Others	10,938	4,209,696	257,805	4,478,439
Subtotal	18,409,887	7,314,115	649,809	26,373,811
Inter-segment revenue	–	–	280,278	280,278
Reportable segment revenue	18,409,887	7,314,115	930,087	26,654,089
Reportable segment profit (operating profit)	9,292,865	382,900	(261,937)	9,413,828
Depreciation and amortisation before inter-segment elimination	(6,691,864)	(398,039)	(226,859)	(7,316,762)
Provision of impairment losses of trade and other receivables	–	–	(248,202)	(248,202)
Provision of impairment losses of property, plant and equipment and intangible assets	(256,566)	(9,596)	–	(266,162)
Interest income	37,652	23,811	49,602	111,065
Interest expense	(3,143,750)	(88,759)	(145,306)	(3,377,815)
Reportable segment assets	140,815,744	5,603,046	6,259,622	152,678,412
Expenditures for reportable segment non-current assets during the year	7,381,822	122,889	245,879	7,750,590
Reportable segment liabilities	96,167,843	3,306,745	8,420,714	107,895,302

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14 SEGMENT REPORTING (Continued)

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

	2019 *RMB'000*	2018 *RMB'000*
Revenue		
Reportable segment revenue	**28,040,215**	26,654,089
Service concession construction revenue	**117,771**	14,112
Elimination of inter-segment revenue	**(617,356)**	(280,278)
Consolidated revenue	**27,540,630**	26,387,923
Profit		
Reportable segment profit	**10,122,042**	9,413,828
Elimination of inter-segment (losses)/profits	**(1,333)**	4,643
	10,120,709	9,418,471
Share of profits less losses of associates and joint ventures	**(10,233)**	167,499
Net finance expenses	**(3,485,537)**	(3,512,695)
Unallocated head office and corporate expenses	**(174,483)**	(176,439)
Consolidated profit before taxation	**6,450,456**	5,896,836

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14 SEGMENT REPORTING (Continued)

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

	2019 *RMB'000*	2018 *RMB'000*
Assets		
Reportable segment assets	164,284,767	152,678,412
Inter-segment elimination	(9,804,035)	(10,483,146)
	154,480,732	142,195,266
Investments in associates and joint ventures	4,328,089	4,549,432
Equity investments at fair value through other comprehensive income	1,084,581	870,756
Other financial assets	249,523	249,080
Tax recoverable	200,109	210,578
Deferred tax assets	157,201	146,376
Unallocated head office and corporate assets	69,047,544	67,307,317
Elimination	(72,745,096)	(69,024,469)
Consolidated total assets	156,802,683	146,504,336

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14 SEGMENT REPORTING (Continued)

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

	2019 RMB'000	2018 RMB'000
Liabilities		
Reportable segment liabilities	116,341,115	107,895,302
Inter-segment elimination	(17,109,639)	(15,371,456)
	99,231,476	92,523,846
Tax payable	229,507	209,668
Deferred tax liabilities	263,182	164,260
Unallocated head office and corporate liabilities	63,664,479	61,775,032
Elimination	(67,241,033)	(64,734,263)
Consolidated total liabilities	96,147,611	89,938,543

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB21,710,028,000 for the year ended 31 December 2019 (2018: RMB21,295,653,000). All the service concession construction revenue was from the PRC government.

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15 PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2018	11,273,168	121,835,828	504,368	837,946	13,581,099	148,032,409
Additions	18,371	211,987	10,864	63,446	6,921,419	7,226,087
Acquisition of a subsidiary	200,298	9,949	–	51	–	210,298
Transfer from construction in progress	661,364	8,873,670	792	8,732	(9,544,558)	–
Transfer to construction in progress	–	(20,898)	–	–	13,023	(7,875)
Reclassification between assets	(6,659)	260,797	(181)	–	153,827	407,784
Disposals	(6,345)	(324,518)	(12,116)	(21,542)	(6,985)	(371,506)
Reclassification	(252,202)	259,664	–	(7,462)	–	–
Exchange adjustments	(28,278)	(259,377)	(14)	(135)	–	(287,804)
At 31 December 2018	11,859,717	130,847,102	503,713	881,036	11,117,825	155,209,393
Effect of adoption of IFRS 16	**–**	**(570,216)**	**–**	**–**	**–**	**(570,216)**
At 1 January 2019 (restated)	**11,859,717**	**130,276,886**	**503,713**	**881,036**	**11,117,825**	**154,639,177**
Additions	**24,824**	**100,377**	**15,452**	**62,315**	**11,649,932**	**11,852,900**
Acquisition of a subsidiary	**1,227**	**–**	**–**	**2,973**	**18,101**	**22,301**
Transfer from construction in progress	**433,403**	**5,892,619**	**979**	**40,420**	**(6,359,546)**	**7,875**
Transfer to construction in progress	**–**	**(9,600)**	**–**	**–**	**4,709**	**(4,891)**
Reclassification between assets	**–**	**(16,150)**	**–**	**–**	**47,504**	**31,354**
Disposals	**(17,864)**	**(49,468)**	**(9,256)**	**(6,942)**	**(3,529)**	**(87,059)**
Exchange adjustments	**4,235**	**192,999**	**27**	**267**	**1,268**	**198,796**
At 31 December 2019	**12,305,542**	**136,387,663**	**510,915**	**980,069**	**16,476,264**	**166,660,453**

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15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land, buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2018	3,606,687	33,839,331	346,784	621,776	144,425	38,559,003
Depreciation charge for the year	532,693	6,111,749	22,016	83,831	–	6,750,289
Provision of impairment losses	6	4,461	9,590	39	251,811	265,907
Transfer to construction in progress	–	(7,875)	–	–	–	(7,875)
Reclassification between assets	5,888	(104,014)	–	–	–	(98,126)
Written back on disposal	(4,522)	(169,661)	(12,050)	(20,747)	(46,296)	(253,276)
Reclassification	(2,249)	4,717	–	(2,468)	–	–
Exchange adjustments	(451)	(6,494)	(2)	(92)	–	(7,039)
At 31 December 2018	4,138,052	39,672,214	366,338	682,339	349,940	45,208,883
Effect of adoption of IFRS 16	**–**	**(121,340)**	**–**	**–**	**–**	**(121,340)**
At 1 January 2019 (restated)	**4,138,052**	**39,550,874**	**366,338**	**682,339**	**349,940**	**45,087,543**
Depreciation charge for the year	**496,560**	**6,387,722**	**17,337**	**84,532**	**–**	**6,986,151**
Provision of impairment losses	**–**	**–**	**–**	**–**	**1,508**	**1,508**
Transfer from construction in progress	**–**	**7,875**	**–**	**–**	**–**	**7,875**
Transfer to construction in progress	**–**	**(4,891)**	**–**	**–**	**–**	**(4,891)**
Reclassification between assets	**–**	**(2,120)**	**–**	**–**	**–**	**(2,120)**
Written back on disposal	**(13,121)**	**(23,684)**	**(8,161)**	**(5,653)**	**–**	**(50,619)**
Exchange adjustments	**255**	**27,395**	**20**	**151**	**–**	**27,821**
At 31 December 2019	**4,621,746**	**45,943,171**	**375,534**	**761,369**	**351,448**	**52,053,268**
Net book value						
At 31 December 2018	7,721,665	91,174,888	137,375	198,697	10,767,885	110,000,510
At 31 December 2019	**7,683,796**	**90,444,492**	**135,381**	**218,700**	**16,124,816**	**114,607,185**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) Certain of the Group's interest-bearing bank borrowings and bonds were secured by the Group's equipment, which had an aggregate net book value of RMB2,612,256,000 as at 31 December 2019 (31 December 2018: RMB1,194,790,000).

(ii) For the year ended 31 December 2019, certain construction in progress in the wind power segment were obsolete due to the long-term delay of the constructions progress. The Group made a full provision for the impairment of those construction in progress of RMB1,508,000 (2018:RMB251,811,000) and recognised the amount in "Other operating expenses".

(iii) As at 31 December 2018, the net book value of machinery and equipment held under finance leases of the Group was RMB448,876,000.

16 LEASES

The Group has lease contracts for various items of leased land, buildings and structures, generators and related equipment, motor vehicles and sea use rights used in its operations. Lump sum payments were made upfront to acquire most of the leased land from the owners with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of these land leases. Buildings and structures usually have lease terms between 2 to 8 years, while sea use rights and other leases generally have lease terms between 2 to 30 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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16 LEASES (Continued)

(a) Lease payments (before 1 January 2019)

	2018 *RMB'000*
Cost:	
At 1 January	2,762,899
Additions	5,315
Acquisition of a subsidiary	66,047
Disposals	–
Reclassification between assets	558
At 31 December	2,834,819
Accumulated amortisation:	
At 1 January	598,286
Amortisation charge for the year	84,104
At 31 December	682,390
Net book value:	2,152,429

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16 LEASES (Continued)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights	Buildings and structures	Generators and related equipment	Motor vehicles	Sea use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2019	2,232,503	12,783	448,876	–	217,325	2,911,487
Additions	218,298	34,809	21,126	4,427	93,941	372,601
Acquisition of a subsidiary	3,770	–	–	–	–	3,770
Depreciation charge	(81,573)	(11,932)	(30,244)	(1,689)	(10,236)	(135,674)
Exchange adjustments	2,418	175	–	24	–	2,617
As at 31 December 2019	2,375,416	35,835	439,758	2,762	301,030	3,154,801

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16 LEASES (Continued)

(c) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2019 Lease liabilities *RMB'000*
Carrying amount at 1 January	719,711
Additions	198,377
Acquisition of a subsidiary	3,770
Accretion of interest recognised during the year	36,583
Payments	(125,192)
Exchange adjustments	2,710
Cost and carrying amount as at 31 December	835,959
Analysed into:	
Current portion	92,126
Non-current portion	743,833

The maturity analysis of lease liabilities (2018: finance lease payables) is disclosed in note 37 to the financial statements.

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16 LEASES (Continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019 *RMB'000*
Interest on lease liabilities	34,548
Depreciation charge of right-of-use assets	132,719
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 and expense relating to lease of low-value assets	24,475
Variable lease payments not included in the measurement of lease liabilities *(note(i))*	10,102
Total amounts recognised in profit or loss	201,844

Note:

(i) The Group has lease contracts for land use rights that contain variable payments based on the Group's revenue generated from sale of electricity. These terms are negotiated by management for certain land use rights in areas in which the wind turbines are located. Management's objective is to align the lease expense with the revenue of sale of electricity. The amounts of variable lease payments recognised in profit or loss for the current year for these leases are RMB10,102,000.

(e) The total cash outflow for leases is disclosed in note 42 to the financial statements.

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17 INTANGIBLE ASSETS

	Concession assets *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2018	11,910,020	278,339	12,188,359
Additions	14,112	228,645	242,757
Acquisition of a subsidiary	–	86	86
Exchange adjustments	–	(8,284)	(8,284)
Reclassification between assets	(252,556)	–	(252,556)
At 31 December 2018	11,671,576	498,786	12,170,362
Effect of adoption of IFRS 16	**–**	**(226,634)**	**(226,634)**
At 1 January 2019 (restated)	**11,671,576**	**272,152**	**11,943,728**
Additions	**117,771**	**51,740**	**169,511**
Acquisition of a subsidiary	**–**	**123,527**	**123,527**
Exchange adjustments	**–**	**11,653**	**11,653**
At 31 December 2019	**11,789,347**	**459,072**	**12,248,419**
Accumulated amortisation:			
At 1 January 2018	3,444,274	51,915	3,496,189
Charge for the year	436,923	29,938	466,861
Provision of impairment losses	–	255	255
Exchange adjustments	–	(750)	(750)
Reclassification between assets	98,126	–	98,126
At 31 December 2018	3,979,323	81,358	4,060,681

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17 INTANGIBLE ASSETS (Continued)

	Concession assets *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Effect of adoption of IFRS 16	**–**	**(9,309)**	**(9,309)**
At 1 January 2019 (restated)	**3,979,323**	**72,049**	**4,051,372**
Charge for the year	**500,697**	**24,416**	**525,113**
Exchange adjustments	**–**	**2,281**	**2,281**
At 31 December 2019	**4,480,020**	**98,746**	**4,578,766**
Net book value:			
At 31 December 2018	7,692,253	417,428	8,109,681
At 31 December 2019	**7,309,327**	**360,326**	**7,669,653**

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18 GOODWILL

	2019	2018
	RMB'000	*RMB'000*
Cost and carrying amount as at 31 December	**61,490**	61,490

Impairment tests for CGUs containing goodwill:

Goodwill is allocated to the Group's CGUs identified according to operating segment as follows:

	2019	2018
	RMB'000	*RMB'000*
Wind power	**11,541**	11,541
Coal power	**49,949**	49,949
Cost and carrying amount as at 31 December	**61,490**	61,490

Goodwill of the wind power segment in the Group arises from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. in 2010. The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 5.33% (2018: 5.33%).

18 GOODWILL (Continued)

Goodwill of the coal power segment in the Group arises from the acquisition of Jiangyin Binjiang Heat and Power Generating Co., Ltd. ("Jiangyin Binjiang"), Jiangyin Chengdong Heat and Power Generating Co., Ltd. ("Jiangyin Chengdong") and Nantong Xinxing Heat and Power Generating Co., Ltd. ("Nantong Xinxing") in 2016. The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 9.33% (2018: 9.33%).

Cash flows beyond the five-year period are expected to maintain constant, which is comparable with the industry. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The key assumption used for the value-in-use calculations is the revenue from electricity and heat sales. Management determined the revenue from electricity and heat sales based on its expectation of electricity and heat volume and the tariffs approved by related government authorities.

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19 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries at 31 December 2019 which principally affected the results, assets or liabilities of the Group.

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
1 瀋陽龍源風力發電有限公司 Shenyang Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 432,270,000	73.62%	25.00%	Wind power generation
2 甘肅潔源風電有限責任公司 Gansu Jieyuan Wind Power Generation Co., Ltd.	the PRC	RMB 505,020,000	77.11%	–	Wind power generation
3 新疆天風發電股份有限公司 Xinjiang Tianfeng Power Generation Joint Stock Company *(note (iii))*	the PRC	RMB 511,016,909	59.53%	–	Wind power generation
4 吉林龍源風力發電有限公司 Jilin Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 438,200,000	56.58%	9.65%	Wind power generation
5 江蘇龍源風力發電有限公司 Jiangsu Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 333,320,000	50.00%	25.00%	Wind power generation
6 龍源平潭風力發電有限公司 Longyuan Pingtan Wind Power Generation Co., Ltd.	the PRC	RMB 170,000,000	85.00%	5.00%	Wind power generation
7 龍源加拿大可再生能源有限公司 Longyuan Canada Renewables Ltd.	the CAN	CAD 90,000,101	–	100.00%	Wind power generation
8 國電重慶風電開發有限公司 Guodian Chongqing Wind Power Generation Co., Ltd.	the PRC	RMB 433,198,000	51.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
9 樺南龍源風力發電有限公司 Huanan Longyuan Wind Power Generation Co., Ltd. *(note (ii) (iii))*	the PRC	RMB 414,036,016	15.00%	25.00%	Wind power generation
10 龍源(巴彥淖爾)風力發電有限責任公司 Longyuan (Bayannur) Wind Power Generation Co., Ltd.	the PRC	RMB 672,550,000	75.00%	25.00%	Wind power generation
11 龍源寧夏風力發電有限公司 Longyuan Ningxia Wind Power Generation Co., Ltd.	the PRC	RMB 575,530,000	100.00%	–	Wind power generation
12 龍源啟東風力發電有限公司 Longyuan Qidong Wind Power Generation Co., Ltd.	the PRC	RMB 245,760,000	30.00%	70.00%	Wind power generation
13 河北圍場龍源建投風力發電有限公司 Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. *(note (ii))*	the PRC	RMB 209,300,000	50.00%	–	Wind power generation
14 龍源(包頭)風力發電有限責任公司 Longyuan (Baotou) Wind Power Generation Co., Ltd.	the PRC	RMB 394,940,000	75.00%	25.00%	Wind power generation
15 龍源(張家口)風力發電有限公司 Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	the PRC	RMB 1,169,677,900	100.00%	–	Wind power generation
16 瀋陽龍源雄亞風力發電有限公司 Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.	the PRC	RMB 449,519,999	75.00%	25.00%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
17	伊春龍源雄亞風力發電有限公司 Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.	the PRC	RMB 320,139,995	75.00%	25.00%	Wind power generation
18	赤峰龍源風力發電有限公司 Chifeng Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 468,570,000	72.01%	25.00%	Wind power generation
19	龍源吳忠風力發電有限公司 Longyuan Wuzhong Wind Power Generation Co., Ltd.	the PRC	RMB 256,000,000	100.00%	–	Wind power generation
20	龍源貴州風力發電有限公司 Longyuan Guizhou Wind Power Generation Co., Ltd.	the PRC	RMB 1,006,133,800	100.00%	–	Wind power generation
21	龍源大豐風力發電有限公司 Longyuan Dafeng Wind Power Generation Co., Ltd.	the PRC	RMB 520,614,000	100.00%	–	Wind power generation
22	龍源石林風力發電有限公司 Longyuan Shilin Wind Power Generation Co., Ltd.	the PRC	RMB 148,430,000	100.00%	–	Wind power generation
23	廣東國電龍源風力發電有限公司 Guangdong Guodian Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 170,493,839	51.00%	–	Wind power generation
24	雲南龍源風力發電有限公司 Yunnan Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 777,426,000	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
25 甘肅龍源風力發電有限公司 Gansu Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 624,530,000	75.00%	25.00%	Wind power generation
26 國電龍源吳起新能源有限公司 Guodian Longyuan Wuqi New Energy Co., Ltd.	the PRC	RMB 154,400,000	51.00%	–	Wind power generation
27 天津龍源風力發電有限公司 Tianjin Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 245,656,020	100.00%	–	Wind power generation
28 龍源(莆田)風力發電有限公司 Longyuan (Putian) Wind Power Generation Co., Ltd.	the PRC	RMB 421,954,000	100.00%	–	Wind power generation
29 福建龍源風力發電有限公司 Fujian Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 274,665,200	100.00%	–	Wind power generation
30 龍源阿拉山口風力發電有限公司 Longyuan Alashankou Wind Power Generation Co., Ltd.	the PRC	RMB 308,610,000	100.00%	–	Wind power generation
31 龍源(如東)風力發電有限公司 Longyuan (Rudong) Wind Power Generation Co., Ltd.	the PRC	RMB 666,350,000	50.00%	50.00%	Wind power generation
32 甘肅新安風力發電有限公司 Gansu Xinan Wind Power Generation Co., Ltd.	the PRC	RMB 169,810,000	54.54%	–	Wind power generation
33 龍源西藏那曲新能源有限公司 Longyuan Xizang Naqu New Energy Co., Ltd.	the PRC	RMB 25,000,000	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
34 龍源(酒泉)風力發電有限公司 Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	the PRC	RMB 910,334,000	100.00%	–	Wind power generation
35 山西龍源風力發電有限公司 Shanxi Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 465,118,630	100.00%	–	Wind power generation
36 河北龍源風力發電有限公司 Hebei Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 1,284,880,600	100.00%	–	Wind power generation
37 江蘇海上龍源風力發電有限公司 Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 768,000,000	70.00%	30.00%	Wind power generation
38 安徽龍源風力發電有限公司 Anhui Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 360,366,000	100.00%	–	Wind power generation
39 新疆龍源風力發電有限公司 Xinjiang Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 324,878,300	100.00%	–	Wind power generation
40 龍源大理風力發電有限公司 Longyuan Dali Wind Power Generation Co., Ltd.	the PRC	RMB 331,985,000	80.00%	–	Wind power generation
41 龍源黃海如東海上風力發電有限公司 Longyuan Huanghai Rudong Offshore Wind Power Generation Co., Ltd.	the PRC	RMB 500,000,000	70.00%	10.00%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
42 江陰蘇龍熱電有限公司 Jiangyin Sulong Heat and Power Generating Co., Ltd. *(note (ii) (iii))*	the PRC	RMB 1,185,750,729	2.00%	25.00%	Coal power generation
43 南通天生港發電有限公司 Nantong Tianshenggang Power Generation *(note (ii) (iii))*	the PRC	RMB 448,248,084	0.65%	31.29%	Coal power generation
44 中能電力科技開發有限公司 Zhongneng Power-Tech Development Co., Ltd.	the PRC	RMB 70,000,000	100.00%	–	Manufacturing and sale of power equipment
45 龍源(北京)風電工程技術有限公司 Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd.	the PRC	RMB 30,000,000	100.00%	–	Manufacturing and sale of power equipment
46 龍源(青海)新能源開發有限公司 Longyuan (Qinghai) New Energy Development Co., Ltd.	the PRC	RMB 265,372,639	100.00%	–	Solar power generation
47 內蒙古龍源新能源發展有限公司 Inner Mongolia Longyuan New Energy Development Co., Ltd.	the PRC	RMB 321,987,500	100.00%	–	Wind power generation
48 龍源巴里坤風力發電有限公司 Longyuan Balikun Wind Power Generation Co., Ltd.	the PRC	RMB 563,442,800	100.00%	–	Wind power generation
49 山東龍源風力發電有限公司 Shandong Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 234,430,000	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
50 龍源靜樂風力發電有限公司 Longyuan Jingle Wind Power Generation Co., Ltd.	the PRC	RMB 216,246,908	100.00%	–	Wind power generation
51 龍源盱眙風力發電有限公司 Longyuan Xuyi Wind Power Generation Co., Ltd.	the PRC	RMB 770,002,700	60.00%	40.00%	Wind power generation
52 龍源陝西風力發電有限公司 Longyuan Shaanxi Wind Power Generation Co., Ltd.	the PRC	RMB 243,656,079	100.00%	–	Wind power generation
53 龍源雄亞(福清)風力發電有限公司 Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.	the PRC	RMB 198,129,668	50.00%	50.00%	Wind power generation
54 龍源電力集團(上海)投資有限公司 Longyuan Power Group (Shanghai) Investment Co., Ltd.	the PRC	RMB 614,570,000	25.00%	75.00%	Investment
55 龍源吐魯番新能源有限公司 Longyuan Tulufan New Energy Co., Ltd.	the PRC	RMB 45,740,000	90.00%	–	Solar power generation
56 龍源達茂風力發電有限公司 Longyuan Damao Wind Power Generation Co., Ltd.	the PRC	RMB 420,898,700	100.00%	–	Wind power generation
57 國電新疆阿拉山口風力開發有限公司 Guodian Xinjiang Alashankou Wind Power Generation Co., Ltd.	the PRC	RMB 176,000,000	70.00%	–	Wind power generation
58 龍源(農安)風力發電有限公司 Longyuan (Nongan) Wind Power Generation Co., Ltd.	the PRC	RMB 153,638,900	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
59 龍源臨沂風力發電有限公司 Longyuan Linyi Wind Power Generation Co., Ltd.	the PRC	RMB 142,270,000	100.00%	–	Wind power generation
60 龍源靖邊風力發電有限公司 Longyuan Jingbian Wind Power Generation Co., Ltd.	the PRC	RMB 165,202,637	100.00%	–	Wind power generation
61 龍源哈密新能源有限公司 Longyuan Hami New Energy Co., Ltd.	the PRC	RMB 259,630,000	100.00%	–	Wind power generation
62 龍源全椒風力發電有限公司 Longyuan Quanjiao Wind Power Generation Co., Ltd.	the PRC	RMB 148,534,300	100.00%	–	Wind power generation
63 龍源定遠風力發電有限公司 Longyuan Dingyuan Wind Power Generation Co., Ltd.	the PRC	RMB 161,398,855	100.00%	–	Wind power generation
64 赤峰新勝風力發電有限公司 Chifeng Xinsheng Wind Power Generation Co., Ltd *(note (ii))*	the PRC	RMB 273,426,200	34.00%	–	Wind power generation
65 龍源興和風力發電有限公司 Longyuan Xinghe Wind Power Generation Co., Ltd.	the PRC	RMB 148,164,800	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
66 龍源東海風力發電有限公司 Longyuan Donghai Wind Power Generation Co., Ltd.	the PRC	RMB 180,757,143	70.00%	–	Wind power generation
67 廣西龍源風力發電有限公司 Guangxi Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 164,308,760	100.00%	–	Wind power generation
68 海南龍源風力發電有限公司 Hainan Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB 299,088,800	75.00%	25.00%	Wind power generation
69 海安龍源海上風力發電有限公司 Haian Longyuan Offshore Wind Power Generation Co., Ltd.	the PRC	RMB 840,000,000	70.00%	30.00%	Wind power generation
70 福建龍源海上風力發電有限公司 Fujian Longyuan Offshore Wind Power Generation Co., Ltd.	the PRC	RMB 1,420,000,000	70.00%	30.00%	Wind power generation
71 龍源鹽城大豐海上風力發電有限公司 Longyuan Yancheng Dafeng Offshore Wind Power Generation Co., Ltd.	the PRC	RMB 1,790,897,500	70.00%	30.00%	Wind power generation
72 龍源(天津濱海新區)風力發電有限公司 Longyuan (Tianjin Binhai) Wind Power Generation Co., Ltd.	the PRC	RMB 144,290,000	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of Incorporation/ establishment	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
73 黑龍江龍源新能源發展有限公司 Heilongjiang Longyuan New Energy Development Co., Ltd.	the PRC	RMB 976,844,000	100.00%	–	Wind power generation
74 龍源南非可再生能源有限公司 Longyuan South Africa Renewables Proprietary Limited	South Africa	ZAR 100	–	100.00%	Wind power generation
75 烏克蘭尤日內能源公司 Ukraine Yuzhne Energy Co., Ltd.	Ukraine	EUR 3,000,000	–	100.00%	Wind power generation
76 雄亞(蓬萊市)新能源有限公司 Hero Asia (Penglai City) New Energy Co.,Ltd.	the PRC	RMB 70,405,000	–	100.00%	Solar power generation

Notes:

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) The Company directly or indirectly owns no more than half of equity interests in these companies. The Company is the largest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. The Company or the Company's subsidiaries have signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in unison with the Company has existed since the establishment of these entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under the relevant PRC laws. In addition to the concert party agreements, the Company controlled the operation of these entities by appointing senior management, approving annual budgets, determining the remuneration of employees, etc. Considering the above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore, the financial statements of these companies are consolidated by the Company during the years presented.

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes (Continued):

(iii) The following table lists out the information relating to subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below presents the amounts before any inter-company eliminations.

	Jiangyin Sulong Heat and Power Generating Co., Ltd. *(note 19(ii))*		Nantong Tianshenggang Power Generation Co., Ltd. *(note 19(ii))*		Huanan Longyuan Wind Power Generation Co., Ltd. *(note 19(ii))*		Xinjiang Tianfeng Power Generation Joint Stock Company *(note 19(ii))*	
	2019 **RMB'000**	2018 RMB'000	**2019** **RMB'000**	2018 RMB'000	**2019** **RMB'000**	2018 RMB'000	**2019** **RMB'000**	2018 RMB'000
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%	**60.00%**	60.00%	**40.48%**	40.48%
Profit allocated to NCI	**393,923**	285,239	**73,567**	29,636	**14,703**	13,231	**3,176**	27,008
Dividend paid to NCI	**188,760**	265,896	**34,030**	34,030	**14,043**	8,562	**–**	33,738
Carrying amount of NCI	**1,952,325**	1,747,162	**1,824,507**	1,783,287	**273,467**	272,807	**277,282**	274,106
Revenue	**5,795,432**	5,567,229	**1,988,872**	1,746,886	**118,040**	119,788	**149,929**	202,441
Total expenses	**(5,255,812)**	(5,176,490)	**(1,880,780)**	(1,703,342)	**(93,535)**	(97,736)	**(142,082)**	(135,722)
Profit for the year	**539,620**	390,739	**108,092**	43,544	**24,505**	22,052	**7,847**	66,719
Total comprehensive income	**539,620**	390,739	**110,565**	40,857	**24,505**	22,052	**7,847**	66,719
Current assets	**1,120,218**	1,084,461	**340,169**	415,232	**205,241**	113,308	**309,963**	249,830
Non-current assets	**3,307,118**	3,135,473	**4,213,739**	3,736,757	**621,659**	670,722	**672,040**	733,606
Current liabilities	**(1,697,864)**	(1,763,425)	**(1,232,758)**	(886,943)	**(204,096)**	(59,409)	**(297,017)**	(306,297)
Non-current liabilities	**(55,054)**	(63,136)	**(640,416)**	(644,877)	**(167,026)**	(269,943)	**–**	–
Net assets	**2,674,418**	2,393,373	**2,680,734**	2,620,169	**455,778**	454,678	**684,986**	677,139
Cash flows from operating activities	**839,144**	834,841	**537,156**	271,903	**17,208**	44,537	**71,822**	77,714
Cash flows (used in)/from investing activities	**(336,292)**	(267,320)	**(425,666)**	163,533	**(9,315)**	(316)	**(5,240)**	(1,874)
Cash flows used in financing activities	**(504,348)**	(738,493)	**(151,464)**	(368,104)	**(7,893)**	(44,234)	**(66,582)**	(75,861)
Net (decrease)/increase in cash and cash equivalents	**(1,496)**	(170,972)	**(39,974)**	67,332	**–**	(13)	**–**	(21)

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2019 RMB'000	2018 RMB'000
Share of net assets	4,328,089	4,549,432

The following list contains only the particulars of material associates and material joint ventures at 31 December 2019, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group:

	Place of establishment	Particulars of registered capital RMB'000	Percentage of attributable equity interest Direct	 Indirect	Principal activities
Associates					
國電聯合動力技術有限公 Guodian United Power Technology Co., Ltd.	the PRC	2,137,527	30.00%	–	Manufacturing and sale of power equipment
國電融資租賃有限公司 Guodian Financial Leasing Co., Ltd	the PRC	3,000,000	–	49.00%	Financial leasing
Joint venture					
江蘇南通發電有限公司 Jiangsu Nantong Power Generation Co., Ltd.	the PRC	1,596,000	–	50.00%	Coal power generation

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Summarised financial information of the material associates and material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Guodian United Power Technology Co., Ltd.		China Guodian Financial Leasing Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2019	2018	**2019**	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**1,179,224**	573,325	**322,867**	129,672	**119,317**	297,476
Other current assets	**8,464,998**	8,180,597	**326,930**	67,227	**331,258**	471,966
Current assets	**9,644,222**	8,753,922	**649,797**	196,899	**450,575**	769,442
Non-current assets	**3,204,677**	3,504,614	**13,237,291**	12,267,358	**4,862,899**	5,181,954
Financial liabilities	**(7,946,005)**	(6,614,668)	**(4,502,157)**	(3,359,850)	**(2,076,146)**	(2,182,718)
Other current liabilities	**(1,490,215)**	(1,663,730)	**(1,757,124)**	(62,458)	**(417,971)**	(643,934)
Current liabilities	**(9,436,220)**	(8,278,398)	**(6,259,281)**	(3,422,308)	**(2,494,117)**	(2,826,652)
Non-current financial liabilities	**–**	–	**(3,376,241)**	(5,771,683)	**(875,996)**	(1,102,000)
Other non-current liabilities	**(1,241,826)**	(938,099)	**(956,443)**	–	**(15,875)**	(2,512)
Net assets	**2,170,853**	3,042,039	**3,295,123**	3,270,266	**1,927,486**	2,020,232
Reconciled to the Group's interests in the associates and joint ventures:						
Group's effective interest	**30.00%**	30.00%	**49.00%**	49.00%	**50.00%**	50.00%
Group's interest in net assets of investee at end of year	**651,256**	912,612	**1,614,610**	1,602,430	**963,743**	1,010,116
Elimination of unrealised profit on (upstream)/downstream sales	**(74,778)**	(88,785)	**–**	–	**30,500**	16,450
Carrying amount of interests in associates and joint ventures at end of year	**576,478**	823,827	**1,614,610**	1,602,430	**994,243**	1,026,566
Revenue	**4,458,786**	3,436,960	**667,946**	606,295	**2,961,557**	3,287,872
Depreciation and amortisation	**(107,558)**	(70,518)	**–**	(154)	**(377,020)**	(341,744)
Finance income	**16,549**	3,634	**2,832**	2,728	**1,520**	1,485
Finance expenses	**(152,740)**	(158,901)	**–**	(8,288)	**(159,546)**	(171,520)
Income tax	**(170,973)**	(72,424)	**(74,565)**	(29,896)	**(81,114)**	(60,379)
(Loss)/profit for the year	**(871,186)**	(57,106)	**169,866**	83,161	**197,539**	198,377
Total comprehensive (loss)/ income	**(871,186)**	(57,106)	**169,866**	83,161	**197,539**	198,377
Dividends declared during the year	**–**	25,000	**145,009**	92,895	**290,285**	48,775

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Aggregate information of associates and joint ventures that are not individually material:

	2019	2018
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**1,142,758**	1,096,609
Aggregate amounts of the Group's share of those associates' and joint ventures' profit for the year	**41,062**	42,947
Aggregate amounts of the Group's share of those associates' and joint ventures' total comprehensive income	**41,062**	42,947

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21 OTHER ASSETS

	2019 RMB'000	2018 RMB'000
Listed equity investments designated at FVOCI	36,733	30,881
Unlisted equity investments designated at FVOCI *(note (i))*	1,047,848	839,875
Loans and advances to:		
– associates *(note (ii))*	25,000	174,000
– non-controlling equity owner *(note (iii))*	48,994	49,084
Dividend receivable *(note (iv))*	230,000	400,000
Others	20,284	9,966
Subtotal	1,408,859	1,503,806
Deductible VAT *(note (v))*	2,377,361	2,184,970
	3,786,220	3,688,776

Notes:

(i) The unlisted equity investments designated at FVOCI are equity investments in limited liability companies established in the PRC and the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured at fair value (can not be reclassified to profit or loss in subsequent period).

(ii) The loans to associates are unsecured, not past due as at the end of the reporting period, and bear interest at the rate of 5.23% per annum for the year ended 31 December 2019 (31 December 2018: 4.40% to 5.23%). The current portion is recorded in other current assets.

(iii) The loans to non-controlling equity owners are unsecured, not past due as at the end of the reporting period, and bear interest at the rate of 10.29% per annum for the year ended 31 December 2019 (31 December 2018: 10.37%).

(iv) The dividend receivable is the dividend declared but not paid yet by Jiangsu Nantong Power Generation Co., Ltd., the joint venture of the Group.

(v) Deductible VAT mainly represents the input VAT relating to the acquisition of property, plant and equipment,inventories and intangible assets.

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22 INVENTORIES

	2019 RMB'000	2018 RMB'000
Coal	**154,208**	168,251
Fuel oil	**2,605**	3,711
Spare parts and others	**662,405**	680,011
	819,218	851,973

23 TRADE AND BILLS RECEIVABLES

	2019 RMB'000	2018 RMB'000
Amounts due from third parties	**16,338,604**	10,511,548
Amounts due from fellow subsidiaries	**16,337**	18,021
Amounts due from associates	**22,648**	25,113
	16,377,589	10,554,682
Less: Allowance for doubtful debts	**(12,419)**	(13,158)
	16,365,170	10,541,524
Analysed into:		
Trade receivables	**15,815,619**	9,793,691
Bills receivables	**549,551**	747,833
	16,365,170	10,541,524

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23 TRADE AND BILLS RECEIVABLES (Continued)

(a) Ageing analysis

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**16,253,651**	10,399,535
Between 1 and 2 years	**108,180**	140,886
Between 2 and 3 years	**3,339**	1,103
	16,365,170	10,541,524

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

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23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables

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

	2019 *RMB'000*	2018 *RMB'000*
At 1 January	13,158	11,830
Impairment losses recognised	2,115	1,328
Reversal of impairment losses	(2,854)	–
At 31 December	12,419	13,158

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

Pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. As at 31 December 2019, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

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23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables(Continued)

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

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

As at 31 December 2019

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**0.00%**	**2.24%**	**50.00%**	**100.00%**	**0.08%**
Gross carrying amount *(RMB'000)*	**15,704,100**	**110,659**	**6,678**	**6,601**	**15,828,038**
Expected credit losses *(RMB'000)*	**–**	**2,479**	**3,339**	**6,601**	**12,419**

As at 31 December 2018

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	0.00%	3.73%	50.00%	100.00%	0.13%
Gross carrying amount *(RMB'000)*	9,651,702	146,346	2,206	6,595	9,806,849
Expected credit losses *(RMB'000)*	–	5,460	1,103	6,595	13,158

Bills receivables as at 31 December 2019 were all bank acceptance bills with a maturity of one to six months, and management considered the probability of default as minimal.

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24 PREPAYMENTS AND OTHER CURRENT ASSETS

	2019 *RMB'000*	2018 *RMB'000*
Loans and advances to *(note (i)):*		
– associates and joint ventures	279,257	634,337
– China Energy Investment Corporation Limited ("CHN Energy")	6,260	5,591
– fellow subsidiaries	376,205	351,335
– third parties	266,629	115,084
Government grant receivables	112,731	148,147
Dividends receivable from:		
– associates	33,914	76,979
– fellow subsidiaries	–	47,550
Deductible VAT *(note 21(v))*	876,839	1,377,057
Prepayments and others	297,115	346,111
	2,248,950	3,102,191
Less: Allowance for doubtful debts	(285,634)	(283,646)
	1,963,316	2,818,545

Note:

(i) Interest-bearing loans and advances of the Group amounted to RMB445,000,000 with interest rates of 4.35% to 4.74% per annum as at 31 December 2019 (2018: RMB781,000,000, 4.35% to 4.75%).

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24 PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

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

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**283,646**	37,952
Impairment losses recognised	**1,988**	250,874
Reversal of impairment losses	**–**	(4,000)
Uncollectible amounts written off	**–**	(1,180)
At 31 December	**285,634**	283,646

Where applicable upon the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

For the loans and advances due from a fellow subsidiary that was in financial difficulties, management assessed that the receivable was not expected to be fully recovered. Consequently, specific allowance amounted to RMB250,789,000 for doubtful debt was recognised for the year ended 31 December 2018. For the other loans and advances due from related parties, dividend receivables, government grant receivables and deductible VAT, they had a specific due date or settlement schedule. Management considered the probability of default as nil. The remaining allowance amounted to RMB34,845,000 provided for the remaining item of prepayments and other current assets with expected credit loss rates from 0.00% to 100.00%.

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25 OTHER FINANCIAL ASSETS

	2019	2018
	RMB'000	*RMB'000*
Financial assets designated at fair value through profit or loss		
– Listed equity securities at Hong Kong Stock Exchange	**70,833**	82,440
– Financial products *(note (i))*	**102,800**	–
Financial assets designated at amortised cost *(note (ii))*	**75,890**	166,640
	249,523	249,080

Notes:

(i) Financial assets designated at fair value through profit or loss refer to financial assets issued by financial institutions with guaranteed principal and variable return. The expected annual return rate is 1.80% to 2.70%.

(ii) Financial assets designated at amortized cost refer to financial assets issued by financial institutions with guaranteed principal and fixed return. Depend on the type of financial assets, the annual rates of return include 2.00% and 3.40%.

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent monetary funds deposited in the custodial account opened by the Group which can only be transferred to a trust account or be used for repaying bank loans.

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27 CASH AT BANKS AND ON HAND

	2019	2018
	RMB'000	*RMB'000*
Cash on hand	**3**	10,289
Cash at banks and other financial institutions	**2,908,442**	2,850,972
	2,908,445	2,861,261
Representing:		
– Cash and cash equivalents	**2,908,445**	2,861,261
	2,908,445	2,861,261

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28 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	2019 *RMB'000*	2018 *RMB'000*
Bank loans		
– Secured *(note(ii))*	**13,204,368**	11,145,380
– Unsecured *(note(i))*	**16,583,151**	16,448,098
Loans from fellow subsidiaries		
– Unsecured	**148,000**	50,000
Other borrowings *(note 28(e)(i))*		
– Secured *(note(ii))*	**879,687**	873,019
– Unsecured *(note(i))*	**25,415,069**	23,401,498
	56,230,275	51,917,995
Less: Current portion of long-term borrowings *(note 28(b))*		
– Bank loans	**(3,093,614)**	(2,291,716)
– Other borrowings	**(4,255,183)**	(2,981,395)
	48,881,478	46,644,884

Notes:

(i) As at 31 December 2019, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB3,853,282,000(31 December 2018: RMB3,939,422,000).

(ii) Certain secured borrowings of the subsidiaries of the Group were secured by property, plant and equipment with a carrying amount of RMB2,612,256,000 (31 December 2018: RMB1,194,790,000) and trade debtors' beneficial rights arising from future electricity sales.

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28 BORROWINGS (Continued)

(b) The short-term interest-bearing borrowings comprise:

	2019	2018
	RMB'000	*RMB'000*
Bank loans		
– Secured *(note(ii))*	**479,500**	181,219
– Unsecured	**16,175,855**	16,908,973
Loans from other financial institutions and others		
– Unsecured *(note (i))*	**41,000**	41,000
Loans from fellow subsidiaries		
– Unsecured	**419,579**	431,501
Other borrowings		
– Unsecured *(note 28(e)(ii))*	**4,500,000**	5,500,000
Current portion of long-term borrowings *(note 28(a))*		
– Bank loans	**3,093,614**	2,291,716
– Other borrowings	**4,255,183**	2,981,395
	28,964,731	28,335,804

Notes:

(i) As at 31 December 2019, the outstanding loans of the Company amounted to RMB41,000,000 (31 December 2018: RMB41,000,000). The outstanding loan was borrowed from a third party by the Company's subsidiary, China Fulin Wind Power Engineering Co., Ltd.

(ii) Certain secured borrowings of the subsidiaries of the Group were secured by trade debtors' beneficial rights arising from future electricity sales.

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28 BORROWINGS (Continued)

(c) The effective interest rates per annum on borrowings are as follows:

	2019	2018
Long-term		
Bank loans	**0.75%–10.70%**	0.75%–10.80%
Other borrowings	**3.39%–5.15%**	3.39%–5.15%
Loans from fellow subsidiaries	**4.75%–5.00%**	4.75%–6.00%
Short-term		
Bank loans	**1.00%–4.02%**	1.94%–4.90%
Loans from other financial institutions	**5.70%**	5.70%
Other borrowings	**2.75%–3.54%**	2.64%–4.58%
Loans from fellow subsidiaries	**2.95%–4.13%**	4.35%–4.57%

(d) The long-term borrowings are repayable as follows:

	2019 *RMB'000*	2018 *RMB'000*
Within 1 year or on demand	**7,348,797**	5,273,111
After 1 year but within 2 years	**11,280,377**	7,269,555
After 2 years but within 5 years	**23,802,993**	25,903,910
After 5 years	**13,798,108**	13,471,419
	56,230,275	51,917,995

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings:

(i) On 10 December 2010, the Company issued a ten-year corporate bond of RMB2,000 million at par with a coupon rate of 5.05% per annum, which is guaranteed by CHN Energy. The effective interest rate of the bond is 5.15%.

On 21 January 2011, the Company issued a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which is guaranteed by CHN Energy. The effective interest rate is 5.14%.

On 29 September 2015, the Company issued a five-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.20% per annum. The effective interest rate is 4.35%. As at 31 December 2019, RMB748,338,000 was repaid.

On 22 October 2015, a subsidiary of the Company, Longyuan Canada Renewables Limited, issued an eighteen-year corporate bond of CAD200 million at par with a coupon rate of 4.32% per annum. The effective interest rate is 4.32%. As at 31 December 2019, CAD32,981,000 of the corporate bond was repaid.

On 22 January 2016, the Company issued a five-year unsecured corporate bond of RMB3,700 million at par with a coupon rate of 3.28% per annum. The effective interest rate is 3.39%.

On 17 March 2016, the Company issued a three-year unsecured corporate bond of RMB1,000 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.75%. The Company repaid the unsecured corporate bond of RMB1,000 million this year.

On 25 August 2016, the Company issued a three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 3.25% per annum. The effective interest rate is 3.75%. The Company repaid the unsecured corporate bond of RMB2,000 million this year.

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings (Continued):

(i) (Continued)

On 16 May 2017, the Company issued a five-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 4.90% per annum. The effective interest rate is 4.98%.

On 1 August 2017, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.78% per annum. The effective interest rate is 4.84%.

On 23 April 2018, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.83% per annum. The effective interest rate is 4.89%.

On 4 December 2018, the Company issued a three-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 3.96% per annum. The effective interest rate is 4.08%.

On 26 April 2019, the Company issued a three-year medium-term note of RMB2,000 million at par with a coupon rate of 4.09% per annum. The effective interest rate is 4.27%.

On 17 June 2019, the Company issued a three-year medium-term note of RMB1,000 million at par with a coupon rate of 3.80% per annum. The effective interest rate is 3.99%.

On 26 September 2019, the Company issued a three-year medium-term note of RMB2,000 million at par with a coupon rate of 3.52% per annum. The effective interest rate is 3.64%.

(ii) Short-term financing bonds represented a series of unsecured corporate bonds with the coupon rates from 2.50% to 3.28% issued in 2019. The effective interest rates of these bonds are from 2.75% to 3.54%.

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29 TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Bills payables	**2,550,875**	1,310,066
Trade payables	**790,250**	685,541
Amounts due to associates	**24,351**	43,694
Amounts due to fellow subsidiaries	**45,649**	19,576
	3,411,125	2,058,877

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**3,131,458**	1,699,853
Between 1 and 2 years	**200,930**	268,829
Between 2 and 3 years	**52,764**	48,695
Over 3 years	**25,973**	41,500
	3,411,125	2,058,877

As at 31 December 2019 and 2018, all trade and bills payables are payable and expected to be settled within one year.

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30 OTHER CURRENT LIABILITIES

	2019	2018
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment	**5,404,269**	5,576,222
Payables for staff-related costs	**202,337**	219,389
Payables for other taxes	**203,621**	201,229
Dividends payable	**388,388**	160,387
Receipts in advance	**6,437**	4,507
Amounts due to associates and joint ventures *(note (i))*	**1,364,571**	1,275,030
Amounts due to fellow subsidiaries *(note (i))*	**126,430**	163,588
Amounts due to CHN Energy *(note (i))*	**30,549**	42,215
Other accruals and payables	**2,773,631**	1,233,558
Derivative financial instruments —interest rate swap contracts *(note (ii))*	**124,011**	72,718
Contract liabilities	**216,108**	173,131
	10,840,352	9,121,974

Notes:

(i) Amounts due to CHN Energy, fellow subsidiaries, associates and joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(ii) In 2015, Longyuan Mulilo De Aar Wind Power (RF) Proprietary Limited and Longyuan Mulilo De Aar 2 North (RF) Proprietary Limited, two subsidiaries of the Group, entered into interest rate swap contracts to mitigate the interest rate risks. The interest rate swap contracts are recognised in accordance with the accounting policies set out in note 2(q).

(iii) All other payables are measured at amortised cost and expected to be settled within one year or are repayable on demand.

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31 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2018, the Group had obligations under finance leases repayable as follows. These leases were classified as finance leases prior to IFRS 16 becoming effective on 1 January 2019.

	2018	
	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	53,945	72,894
After 1 year but within 2 years	65,978	82,287
After 2 years but within 5 years	197,500	226,643
After 5 years	98,000	102,774
	361,478	411,704
	415,423	484,598
Less: Total future interest expenses		(69,175)
Present value of finance lease obligations		415,423
Where into:		
Current portion		53,945
Non-current portion		361,478

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32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax (recoverable)/payable in the consolidated statement of financial position represents:

	2019 ***RMB'000***	2018 *RMB'000*
Net tax (recoverable)/payable at 1 January	**(910)**	126,466
Provision for the year *(note 9(a))*	**1,078,229**	964,101
Underprovision in respect of prior years *(note 9(a))*	**16,240**	14,290
Income tax paid	**(1,064,161)**	(1,105,767)
Net tax payable/(recoverable) at 31 December	**29,398**	(910)
Representing:		
Tax payable	**229,507**	209,668
Tax recoverable	**(200,109)**	(210,578)
	29,398	(910)

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32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the years are as follows:

Deferred tax assets arising from:	Provision for impairment of assets	Unrealised profits	Depreciation and amortisation	Gains and losses on changes in fair value of derivative financial instruments	Loss available for offsetting against future taxable profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	20,980	37,261	34,112	18,959	12,073	47,324	170,709
Credited/(charged) to profit or loss	8,407	(5,858)	13,817	(9,406)	303,751	(19,988)	290,723
At 31 December 2018	29,387	31,403	47,929	9,553	315,824	27,336	461,432
At 1 January 2019	**29,387**	**31,403**	**47,929**	**9,553**	**315,824**	**27,336**	**461,432**
Credited/(charged) to profit or loss	**(564)**	**5,130**	**5,647**	**13,427**	**413,890**	**1,809**	**439,339**
Exchange reserve	**–**	**–**	**–**	**459**	**–**	**638**	**1,097**
At 31 December 2019	**28,823**	**36,533**	**53,576**	**23,439**	**729,714**	**29,783**	**901,868**

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32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued):

Deferred tax liabilities arising from:	Equity investments	Revaluation of other properties	Depreciation and amortisation	Gain on deemed disposal of an associate	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	(8,744)	(29,588)	(70,187)	(46,863)	(6,312)	(161,694)
Credited/(charged) to profit or loss	–	3,844	(341,130)	46,863	2,475	(287,948)
Fair value reserve	(27,868)	–	–	–	–	(27,868)
Exchange reserve	–	–	–	–	(1,806)	(1,806)
At 31 December 2018	(36,612)	(25,744)	(411,317)	–	(5,643)	(479,316)
At 1 January 2019	**(36,612)**	**(25,744)**	**(411,317)**	**–**	**(5,643)**	**(479,316)**
Credited/(charged) to profit or loss	**–**	**2,880**	**(479,864)**	**–**	**1,356**	**(475,628)**
Fair value reserve	**(52,215)**	**–**	**–**	**–**	**–**	**(52,215)**
Exchange reserve	**–**	**–**	**–**	**–**	**(690)**	**(690)**
At 31 December 2019	**(88,827)**	**(22,864)**	**(891,181)**	**–**	**(4,977)**	**(1,007,849)**

Reconciliation to the consolidated statement of financial position:

	2019	2018
	RMB'000	*RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**157,201**	146,376
Net deferred tax liability recognised in the consolidated statement of financial position	**(263,182)**	(164,260)

32 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB3,522,875,000 (2018: RMB2,608,240,000) and deductible temporary differences of RMB463,884,000 (2018: RMB450,222,000) as at 31 December 2019, as it is not probable that future taxable profits against which the losses and the provisions can be utilised will be available in the relevant entity. According to the tax law, the tax that will expire in the years ending 31 December 2020, 2021, 2022, 2023 and 2024 are RMB810,776,000, RMB1,225,009,000, RMB370,340,000, RMB524,444,000, and RMB543,849,000, respectively. Tax losses of an amount of RMB48,457,000 are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

33 EMPLOYEE BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 14% to 20% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by CHN Energy to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and the supplementary retirement plan other than the annual contributions described above.

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34 DEFERRED INCOME

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**1,449,938**	1,553,605
Additions	**2,863**	19,563
Acquisition of a subsidiary	**–**	9,850
Credited to profit or loss	**(128,047)**	(133,080)
At 31 December	**1,324,754**	1,449,938

Deferred income mainly represents VAT refund granted by the government relating to the purchase of domestic equipment, other subsidies relating to the construction of property, plant and equipment, which would be recognised as income on a straight-line basis over the expected useful life of the relevant assets, and service income received in advance by a subsidiary of the Group, which would be recognised as income on a straight-line basis over the contractual life of the service agreements.

35 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly represent long-term retention payables for the purchase of wind turbines, among which RMB437,821,000 (2018: RMB489,742,000) is due to two associates of the Group.

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36 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000* *(note 36 (c))*	Perpetual medium-term notes *RMB'000* *(note 44)*	Capital reserve *RMB'000* *(note 36 (d)(i))*	Statutory surplus reserve *RMB'000* *(note 36 (d)(ii))*	Fair value reserve *RMB'000* *(note 36 (d)(iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2018	8,036,389	4,991,000	13,956,328	1,267,175	193,289	8,463,197	36,907,378
Change in equity for 2018:							
Profit for the year	–	242,000	–	–	–	2,792,180	3,034,180
Other comprehensive income	–	–	–	–	(88,492)	–	(88,492)
Total comprehensive income for the year	–	242,000	–	–	(88,492)	2,792,180	2,945,688
Appropriation	–	–	–	219,649	–	(219,649)	–
Dividends to holders of the Company	–	–	–	–	–	(737,741)	(737,741)
Distribution for perpetual medium-term notes *(note 44)*	–	(242,000)	–	–	–	–	(242,000)
Acquisition of a subsidiary	–	–	10,831	–	–	–	10,831
At 31 December 2018	8,036,389	4,991,000	13,967,159	1,486,824	104,797	10,297,987	38,884,156

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36 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

	Share capital RMB'000 (note 36 (c))	Perpetual medium-term notes RMB'000 (note 44)	Capital reserve RMB'000 (note 36 (d)(i))	Statutory surplus reserve RMB'000 (note 36 (d)(ii))	Fair value reserve RMB'000 (note 36 (d)(iv))	Retained earnings RMB'000	Total equity RMB'000
At 1 January 2019	8,036,389	4,991,000	13,967,159	1,486,824	104,797	10,297,987	38,884,156
Change in equity for 2019:							
Profit for the year	–	242,000	–	–	–	3,003,019	3,245,019
Other comprehensive income	–	–	–	–	159,235	–	159,235
Total comprehensive income for the year	–	242,000	–	–	159,235	3,003,019	3,404,254
Appropriation	–	–	–	256,683	–	(256,683)	–
Dividends to holders of the Company	–	–	–	–	–	(785,155)	(785,155)
Distribution for perpetual medium-term notes *(note 44)*	–	(242,000)	–	–	–	–	(242,000)
At 31 December 2019	8,036,389	4,991,000	13,967,159	1,743,507	264,032	12,259,168	41,261,255

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36 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

	2019 RMB'000	2018 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.1076 per share (2018: RMB0.0977)	**864,715**	785,155

The directors of the Company resolved on 27 March 2020 that a dividend of RMB0.1076 per share is to be distributed to the shareholders for 2019, subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(c) Share capital

	2019 RMB'000	2018 RMB'000
Issued and fully paid:		
4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each	**4,696,360**	4,696,360
3,340,029,000 H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,036,389	8,036,389

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

36 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve includes share premium and other capital reserve.

Share premium represents the difference between the total amount of the par value of the shares issued and the amount of the net proceeds received from the Initial Public Offerings("IPO") in December 2009 and the placing of new H shares in December 2012.

The other capital reserve mainly represents the difference between the total amount of the nominal value of the shares issued and the amount of the net assets injected by CHN Energy and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of the acquisition of business and business combinations under common control.

(ii) Statutory surplus reserve

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

36 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currencies other than the RMB and the foreign exchange differences on the net investment in foreign operations of the Group which are dealt with in accordance with the accounting policies as set out in note 2(y).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income (income tax exclusive) held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(n) and 2(v).

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2019, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB12,259,168,000 (2018: RMB10,297,987,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.1076 per share (2018: RMB0.0977), amounting to RMB864,715,000 (2018: RMB785,155,000) (note 36(b)). The dividend has not been recognised as a liability at the end of the reporting period.

36 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the net gearing ratio, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity. The net gearing ratio of the Group as at 31 December 2019 was 55.5% (2018: 56.2%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial Instruments By Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2019

	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Current				
Trade and bills receivables	–	16,162,602	202,568	16,365,170
Financial assets included in other current assets	–	–	789,362	789,362
Other financial assets	173,633	–	75,890	249,523
Restricted deposits	–	–	523,403	523,403
Cash and cash equivalents	–	–	2,908,445	2,908,445
	173,633	16,162,602	4,499,668	20,835,903
Non-current				
Financial assets included in other assets	–	1,084,581	324,278	1,408,859
	–	1,084,581	324,278	1,408,859
	173,633	17,247,183	4,823,946	22,244,762

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial Instruments By Category (Continued)

Financial liabilities

At 31 December 2019

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	28,964,731	28,964,731
Trade and bills payables	–	3,411,125	3,411,125
Lease liabilities	–	92,126	92,126
Financial liabilities in other current liabilities	124,011	7,314,207	7,438,218
	124,011	39,782,189	39,906,200
Non-current			
Interest-bearing loans and other borrowings	–	48,881,478	48,881,478
Financial liabilities in other non-current liabilities	–	1,270,209	1,270,209
Lease liabilities	–	743,833	743,833
	–	50,895,520	50,895,520
	124,011	90,677,709	90,801,720

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial Instruments By Category (Continued)

Financial assets

At 31 December 2018

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade and bills receivables	–	10,399,498	142,026	10,541,524
Financial assets included in other current assets	–	–	1,095,377	1,095,377
Other financial assets	82,440	–	166,640	249,080
Restricted deposits	–	–	253,090	253,090
Cash and cash equivalents	–	–	2,861,261	2,861,261
	82,440	10,399,498	4,518,394	15,000,332
Non-current				
Financial assets included in other assets	–	870,756	633,050	1,503,806
	–	870,756	633,050	1,503,806
	82,440	11,270,254	5,151,444	16,504,138

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial Instruments By Category (Continued)

Financial liabilities

At 31 December 2018

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	28,335,804	28,335,804
Trade and bills payables	–	2,058,877	2,058,877
Financial liabilities in other current liabilities	72,718	7,217,442	7,290,160
Obligations under finance leases	–	53,945	53,945
	72,718	37,666,068	37,738,786
Non-current			
Interest-bearing loans and other borrowings	–	46,644,884	46,644,884
Financial liabilities in other non-current liabilities	–	1,420,972	1,420,972
Obligations under finance leases	–	361,478	361,478
	–	48,427,334	48,427,334
	72,718	86,093,402	86,166,120

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial Instruments By Category (Continued)

The exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities, and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted deposits, trade and bills receivables, other financial assets, financial assets included in prepayments and other current assets and financial assets included in other non-current assets.

The receivables from the sale of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 95% of the Group's total trade and bills receivables as at 31 December 2019 (2018: 90%).

For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

2019

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	549,551	–	–	15,828,038	16,377,589
Financial assets included in prepayments and other current assets					
– Normal**	789,362	–	–	–	789,362
– Doubtful**	–	–	285,634	–	285,634
Other financial assets	75,890	–	–	–	75,890
Restricted deposits	523,403	–	–	–	523,403
Cash and cash equivalents	2,908,445	–	–	–	2,908,445
Financial assets included in other non-current assets	324,278	–	–	–	324,278
	5,170,929	–	285,634	15,828,038	21,284,601

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (continued)

2018

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	747,833	–	–	9,793,691	10,541,524
Financial assets included in prepayments and other current assets					
– Normal**	1,095,377	–	–	–	1,095,377
– Doubtful**	–	–	283,646	–	283,646
Restricted deposits	253,090	–	–	–	253,090
Cash and cash equivalents	2,861,261	–	–	–	2,861,261
Financial assets included in other non-current assets	633,050	–	–	–	633,050
	5,590,611	–	283,646	9,793,691	15,667,948

* For trade receivables included in trade and bills receivables, to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group provided financial guarantees to related parties. Except for the financial guarantees extended by the Group as set out in note 39, the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 39.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and prepayments and other current assets are set out in notes 23 and 24 respectively.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk

The Group's objective is to ensure continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2019, the Group has unutilised banking facilities of RMB46,884,771,000. The Group also signed several strategic cooperative framework agreements with PRC banks with unutilised credit lines of RMB212,614,750,000 as at 31 December 2019. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date that the Group can be required to pay.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

	Carrying amount	Contractual cash flows	On demand	1 year or less	1–2 years	2–5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019							
Long-term borrowings	**48,881,478**	**60,995,876**	**–**	**2,231,419**	**13,298,111**	**27,593,946**	**17,872,400**
Short-term borrowings	**28,964,731**	**29,708,106**	**–**	**29,708,106**	**–**	**–**	**–**
Lease liabilities	**835,959**	**1,160,996**	**–**	**126,846**	**129,055**	**331,014**	**574,081**
Trade and bills payables	**3,411,125**	**3,411,125**	**–**	**3,411,125**	**–**	**–**	**–**
Financial liabilities in other current liabilities	**7,438,218**	**7,438,218**	**–**	**7,438,218**	**–**	**–**	**–**
Guarantees	**–**	**117,301**	**117,301**	**–**	**–**	**–**	**–**
Other long-term liabilities	**1,270,209**	**1,270,209**	**–**	**–**	**404,878**	**337,954**	**527,377**
	90,801,720	**104,101,831**	**117,301**	**42,915,714**	**13,832,044**	**28,262,914**	**18,973,858**
31 December 2018							
Long-term borrowings	46,644,884	61,330,817	–	2,487,547	9,604,743	30,442,002	18,796,525
Short-term borrowings	28,335,804	28,335,804	–	28,335,804	–	–	–
Trade and bills payables	2,058,877	2,058,877	–	2,058,877	–	–	–
Financial liabilities in other current liabilities	9,117,467	9,117,467	–	9,117,467	–	–	–
Guarantees	–	151,257	151,257	–	–	–	–
Other long-term liabilities	1,420,972	1,420,972	–	–	543,625	468,650	408,697
	87,578,004	102,415,194	151,257	41,999,695	10,148,368	30,910,652	19,205,222

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risk. During the years ended 31 December 2019 and 2018, however, except for the interest rate swap contracts entered into as stated in note 30(ii), management of the Group did not consider it necessary to use interest rate swaps to hedge the exposure to interest rate risk.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The detailed interest rates and maturity information of the Group's borrowings are disclosed in note 28.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

	2019	2018
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Lease liabilities	**835,959**	–
Obligations under financial leases	**–**	415,423
Borrowings	**31,701,609**	32,542,373
Less: Loans and advances *(note 24(i))*	**(445,000)**	(781,000)
Other assets *(note 21)*	**(73,994)**	(223,084)
	32,018,574	31,953,712
Net floating rate borrowings:		
Borrowings	**46,144,600**	42,438,315
Less: Bank deposits (including restricted deposits)	**(3,431,848)**	(3,114,351)
	42,712,752	39,323,964
Total net borrowings	**74,731,326**	71,277,676

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB200,044,000 (2018: RMB188,709,000).

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

The estimated 100 basis points' increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the years presented.

(e) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong Dollar, Euro and United States Dollar. The Group manages this risk as follows:

(i) Recognised assets and liabilities

Except for subsidiaries in Hong Kong, South Africa, Canada, and Ukraine, which were denominated in foreign currencies, all revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in South African Rand, Canadian Dollar, Euro and United States Dollar.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(i) Recognised assets and liabilities (Continued)

On the other hand, RMB is not a freely convertible currency and the PRC government may, at its discretion, restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity holders.

(ii) Exposure to currency risk

The Group's cash at banks and on hand, prepayments and other current assets, borrowings, trade and bills payables and other current liabilities contain items denominated in foreign currencies. The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in the movement in value of the United States dollar against other currencies.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

	2019		2018	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
		RMB'000		*RMB'000*
HKD	**5%**	**202**	5%	2
	(5)%	**(202)**	(5)%	(2)
USD	**5%**	**(9,970)**	5%	(9,363)
	(5)%	**9,970**	(5)%	9,363
EUR	**5%**	**(4,372)**	5%	(162)
	(5)%	**4,372**	(5)%	162
RMB	**5%**	**(1,200)**	5%	838
	(5)%	**1,200**	(5)%	(838)

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender and the borrower.

(f) Equity price risk

The Group is exposed to equity price changes arising from equity investments at fair value through profit or loss (note25) and equity investments at fair value through other comprehensive income (note 21). The Group's listed investments are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Listed investments have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Unlisted investments are held for long-term purposes. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date).

– Level 2 valuations: Fair value measured using Level 2 inputs (i.e. observable inputs which fail to meet the criteria of Level 1, and not using significant unobservable inputs). Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised into		
		Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	1,047,848	–	–	1,047,848
Listed equity investments designated at FVOCI	36,733	36,733	–	–
Financial assets designed at fair value through profit or loss	173,633	70,833	102,800	–
Trade and bills receivables designated at FVOCI	16,162,602	–	16,162,602	–
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	124,011	–	124,011	–

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

		Fair value measurements as at 31 December 2018 categorised into		
	Fair value at 31 December 2018	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	839,875	–	–	839,875
Listed equity investments designated at FVOCI	30,881	30,881	–	–
Trading securities - equity investments in listed equity securities on Hong Kong Stock Exchange	82,440	82,440	–	–
Trade and bills receivables designated at FVOCI	10,399,498	–	10,399,498	–
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	72,718	–	72,718	–

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: nil). The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of interest rate swap contracts in Level 2 is determined by discounting the contractual fixed interest rate and deducting the forward Johannesburg Interbank Agreed Rate ("JIBAR"). The discount rate used is derived from the JIBAR swap yield curve as at the end of the reporting period.

The Group entered into securitisation transactions whereby it transferred trade receivables on tariff premium of renewable energy (the "Transferred Financial Assets") to unrelated third parties and derecognised the Transferred Financial Assets (note 46). The Group endorsed and factored significant part of its bills receivables in its normal course of business. The Group managed its trade and bills receivables which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measured trade and bills receivables at fair value through other comprehensive income. The fair values of trade and bills receivables were measured using the discounted cash flows model. The model incorporates various market observable inputs including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at FVOCI have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to earnings before interest and taxes ("EV/EBIT"), price to earnings ("P/E") multiple and price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December:

2019

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	0.9–1.5	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB104,651,000
		Discount for lack of marketability	30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB44,851,000

37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

2018

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	0.9–1.4	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB72,779,000
		Discount for lack of marketability	30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB31,191,000

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

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37 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 and 2018 except the following:

	2019		2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Other borrowings *(note 28(a))*	**22,039,573**	**20,978,452**	21,293,122	20,955,697
Fixed rate long-term loans	**358,184**	**346,861**	251,955	220,818
Total	**22,397,757**	**21,325,313**	21,545,077	21,176,515

38 COMMITMENTS

(a) Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	2019	2018
	RMB'000	*RMB'000*
Contracted for	**15,087,057**	11,516,040

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38 COMMITMENTS (Continued)

(b) As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 *RMB'000*
Within 1 year	16,227
After 1 year but within 5 years	40,569
After 5 years	67,538
	124,334

The Group leased certain buildings through non-cancellable operating leases. These operating leases did not contain provisions for contingent lease rentals. None of the rental agreements contained escalation provisions that may require higher future rental payments.

39 CONTINGENT LIABILITIES

At 31 December, the Group issued the following guarantees:

(i) Guarantees of financial liabilities to banks in respect of the bank loans granted to certain related parties are set forth below:

	2019 ***RMB'000***	2018 *RMB'000*
Associates	**108,590**	142,130

As at 31 December 2019, the banking facilities guaranteed by the Group to the associates were utilised to the extent of approximately RMB108,590,000 (2018: RMB142,130,000).

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39 CONTINGENT LIABILITIES (Continued)

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司), which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 31 December 2019, the balance counter-guaranteed by the Company amounted to RMB8,711,000 (31 December 2018: RMB9,127,000).

40 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under CHN Energy and has significant transactions and relationships with the subsidiaries of CHN Energy.

The principal transactions are as follows:

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Sales of goods and provision of services to	(i)		
CHN Energy		**262**	1,082
Fellow subsidiaries		**40,727**	60,738
Associates and joint ventures		**103,387**	110,015
Purchase of goods and receipt of services from	(ii)		
Fellow subsidiaries		**1,524,028**	1,348,425
Associates and joint ventures		**2,471,581**	1,800,210

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40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Notes	**2019 RMB'000**	2018 RMB'000
Working capital (provided to)/ received from	(iii)		
CHN Energy		**1,300**	(318)
Fellow subsidiaries		**(13,841)**	(31,796)
Associates and joint ventures		**26,608**	(3,929)
Loan guarantees revoked from	(iv)		
CHN Energy		**(86,140)**	(77,703)
Loan guarantees(revoked from)/ provided to	(v)		
Associates and joint ventures		**(33,540)**	83,750
Loans (repaid from)/provided to	(vi)		
Associates		**(485,000)**	519,000
Loans provided by	(vii)		
Fellow subsidiaries		**86,078**	30,008
Interest expenses	(viii)		
Fellow subsidiaries		**16,759**	22,671
Interest income	(ix)		
Fellow subsidiaries		**6,707**	21,808
Associates and joint ventures		**43,681**	53,588
Deposits withdrawn from	(x)		
Fellow subsidiaries		**147,615**	717,722
Increase investment to			
Associates		**8,999**	–

40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the fellow subsidiaries and associates to their major customers.

(iii) The working capital provided to and received from the related parties are unsecured and interest-free.

(iv) CHN Energy has guaranteed certain bank loans made to the Group as at the end of the reporting period, as further detailed in note 28(a) to the financial statements.

(v) As at 31 December 2019, the Group provided a guarantee of RMB108,590,000 (2018: RMB142,130,000) for bank loans of associates and joint ventures in note 39(i).

(vi) The Group provided loans to the related parties, as further detailed in notes 21 and 24 to the financial statements.

(vii) The Group received loans from the related parties, as further detailed in note 28 to the financial statements.

(viii) The amount represented the interest expenses incurred for the loans received from the follow subsidiaries.

(ix) The amount represented the interest income received for the loans provided to the follow subsidiaries, associates and joint ventures.

(x) The amount represented the withdrawal of deposit from a fellow subsidiary, as further detailed in note 40(b) to the financial statements.

40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB1,810,429,000 as at 31 December 2019 (2018: RMB1,958,044,000). Details of the other outstanding balances with related parties are set out in notes 21, 23, 24, 28, 29 and 30.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities").

Apart from the transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities include, but are not limited to, the following:

- Sale of electricity;
- Depositing and borrowing money;
- Purchase of materials and receipt of construction work services; and
- Service concession arrangements.

The tariff of electricity is regulated by the relevant government. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for sale of electricity, purchase of products and services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval process and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as transactions with other state-controlled entities:

	2019 *RMB'000*	2018 *RMB'000*
Sales of electricity	**21,710,028**	21,295,653
Sales of other products	**1,294,605**	652,139
Interest income	**11,173**	18,152
Interest expenses	**2,925,959**	3,036,204
Loans repaid	**2,026,128**	7,522,865
Deposits placed with	**390,688**	394,332
Purchase of materials and receipt of construction services	**3,108,013**	2,992,120
Service concession construction revenue	**117,771**	14,112

The balances of transactions with other state-controlled entities are as follows:

	2019 *RMB'000*	2018 *RMB'000*
Receivables from sales of electricity	**15,497,033**	10,052,189
Receivables from sales of other products	**189,990**	230,323
Bank deposits (including restricted deposits)	**1,160,150**	769,462
Borrowings	**42,657,542**	44,683,670
Payable for purchase of materials and receiving construction work services	**1,149,451**	998,271

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

40 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10, and certain of the highest paid employees as disclosed in note 11, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Salaries and other emoluments	**3,449**	2,459
Discretionary bonuses	**5,473**	5,589
Retirement scheme contributions	**961**	975
	9,883	9,023

(e) Commitment with related parties

	2019	2018
	RMB'000	*RMB'000*
Capital commitment with		
Associates	**2,590,356**	3,279,491

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the sales and purchase of goods, the provision of and receipt of services to and from CHN Energy and its subsidiaries, loans from and deposits placed with CHN Energy and its subsidiaries as detailed in note 40(a) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Connected transactions" in the Director's Report of the Group for the year ended 31 December 2019.

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

41 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2019 RMB'000	2018 RMB'000
Non-current assets		
Property, plant and equipment	270,496	295,275
Investment properties	89,326	90,057
Lease prepayments	–	1,062
Intangible assets	2,473	1,869
Investments in subsidiaries	33,974,669	31,607,587
Investments in associates and joint ventures	1,046,124	1,046,124
Other assets	4,789,711	4,907,300
Total non-current assets	40,172,799	37,949,274
Current assets		
Inventories	1,948	2,012
Trade and bills receivables	6,625	12,466
Prepayments and other current assets	62,100,312	60,333,093
Restricted deposits	355,577	106,927
Cash at banks and on hand	2,380,520	2,294,385
Total current assets	64,844,982	62,748,883

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

41 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	2019 RMB'000	2018 RMB'000
Current liabilities		
Borrowings	12,230,000	17,910,000
Trade and bills payables	6,820	5,998
Other payables	16,528,083	15,177,886
Total current liabilities	28,764,903	33,093,884
Net current assets	36,080,079	29,654,999
Total assets less current liabilities	76,252,878	67,604,273
Non-current liabilities		
Borrowings	34,880,523	28,663,178
Deferred income	19,053	17,970
Deferred tax liabilities	92,047	38,969
Total non-current liabilities	34,991,623	28,720,117
NET ASSETS	41,261,255	38,884,156
CAPITAL AND RESERVES		
Share capital	8,036,389	8,036,389
Perpetual medium-term notes	4,991,000	4,991,000
Reserves	28,233,866	25,856,767
TOTAL EQUITY	41,261,255	38,884,156

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

42 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Other current liabilities *RMB'000*
At 31 December 2018	74,980,688	415,423	855,275
Effect of adoption IFRS 16	–	304,288	–
At 1 January 2019 (restated)	74,980,688	719,711	855,275
Changes from financing cash flows	2,642,026	(110,642)	(4,441,575)
Foreign exchange movement	197,922	4,745	–
Distribution for dividends	–	–	1,334,286
Interest expense	25,573	34,548	3,177,297
New leases	–	187,597	–
Distribution for perpetual medium-term notes	–	–	242,000
At 31 December 2019	77,846,209	835,959	1,167,283

FOR THE YEAR ENDED 31 DECEMBER 2019 (Expressed in thousands of Renminbi unless otherwise stated)

42 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

	Borrowings *RMB'000*	Obligations under finance leases *RMB'000*	Other current liabilities *RMB'000*
At 1 January 2018	77,394,340	460,945	760,576
Changes from financing cash flows	(2,606,271)	(67,213)	(5,189,226)
Foreign exchange movement	181,209	–	–
Distribution for dividends	–	–	1,311,723
Interest expense	11,410	19,852	3,346,553
Distribution for perpetual medium-term notes	–	–	242,000
Acquisition of non-controlling interests	–	–	66,792
Interest paid classified as operating cash flows	–	1,839	–
Interest paid classified as investing cash flows	–	–	316,857
At 31 December 2018	74,980,688	415,423	855,275

42 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 *RMB'000*
Within operating activities	34,577
Within financing activities	125,192
	159,769

43 ASSET ACQUISITION

On 8 September 2019, the Group completed the acquisition of the entire asset of Ukraine Yuzhne Energy Co., Ltd. ("Yuzhne"), a company registered in Ukraine, from Lithuania Closed Joint-stock Company "4 WIND" for a consideration of EUR19,000,000. Yuzhne was principally engaged in wind power generation which was still in the planning phase with no revenue generation at the acquisition date. Therefore, the Group did not consider the above acquisition as a business combination for accounting purpose.

44 PERPETUAL MEDIUM-TERM NOTES

On 24 November 2015, the Company issued a perpetual medium-term note amounting to RMB3,000,000,000 ("2015 Perpetual Medium-term Note"). The 2015 Perpetual Medium-term Note was issued at par value with an initial interest rate of 4.44% and recorded as equity, after netting off the related issuance costs of approximately RMB9,000,000. On 17 November 2017, the Company issued a perpetual medium-term note amounting to RMB2,000,000,000 ("2017 Perpetual Medium-term Note"). The 2017 Perpetual Medium-term Note was issued at par value with an initial interest rate of 5.44% and recorded as equity.

Interest of the 2015 Perpetual Medium-term Note and 2017 Perpetual Medium-term Note are recorded as distributions, which are paid annually in arrears on 25 November and 21 November in each year, respectively (the "Distribution Payment Date") and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company or repaying any securities of lower rank) have occurred.

The 2015 Perpetual Medium-term Note and 2017 Perpetual Medium-term Note have no fixed maturity date and are callable at the Company's option on 25 November 2020 and 21 November 2020, respectively (the "First Call Date") or any Distribution Payment Date falling after the First Call Date at their principal amounts together with any accrued, unpaid or deferred distributions. The applicable interest rate of the 2015 Perpetual Medium-term Note and 2017 Perpetual Medium-term Note will be reset, on the First Call Date and every five and three years after the respective First Call Date, to the sum of the applicable benchmark interest rate, the initial spread and a premium. The premium for the First Call Date is 300 basis points per annum and will increase by 300 basis points every five years and three years after the respective First Call Date.

In 2019, the profit attributable to holders of perpetual medium-term notes, based on the applicable interest rate, was RMB242,000,000 (2018: RMB242,000,000). RMB242,000,000 has been paid in 2019 (2018: RMB242,000,000).

45 PARENT AND ULTIMATE HOLDING COMPANY

The directors of the Company consider its parent and ultimate holding company to be CHN Energy, which is a state-owned enterprise established in the PRC. CHN Energy does not produce financial statements available for public use.

46 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2019, the Group endorsed certain bills receivable accepted by banks in Mainland China, to certain of its suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB108,178,000 (2018: RMB191,734,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount of nil (2018:RMB95,500,000) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the banks in Mainland China default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

46 TRANSFERS OF FINANCIAL ASSETS (Continued)

Transferred financial assets that are derecognised in their entirety (Continued)

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The Group endorsed certain bills receivables accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the year.

In 2019, the Group entered into several trade receivables factoring arrangements (the "Factoring Arrangements") and transferred certain trade receivables to the banks. Under the Factoring Arrangements, the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the arrangement that have not been settled as at 31 December 2019 was RMB2,304,386,000(2018: RMB5,289,968,000).

In 2019, the Group entered into a renewable assets property right trust agreement ("Trust Agreement") with China Resources SDIC Trust Co., Ltd. ("SDIC Trust"), with an aggregate amount of RMB915,000,000 of trade receivables purchased from the Group through the Trust Agreement established by SDIC Trust. Under the Trust Agreement, the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the arrangement that have not been settled as at 31 December 2019 was RMB613,591,000 (2018: nil).

In 2019, the Group entered into an agreement of a single assets management plan (the "Assets Management Plan") with Yingda Securities Co., Ltd("Yingda"), with an aggregate amount of RMB767,353,000 of trade receivables purchased from the Group through the asset management plan established by Yingda. Under the Assets Management Plan, the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying value of the trade receivables transferred under the arrangement that have not been settled as at 31 December 2019 was RMB767,353,000 (2018:nil).

46 TRANSFERS OF FINANCIAL ASSETS (Continued)

Transferred financial assets that are not derecognised in their entirety

In 2019, under the arrangement of the Asset-backed note (the "ABN"), the Group completed two ABN recurring issuance with the amounts of RMB438,279,000 and RMB366,964,000, whereby it transferred the trade receivables to special purpose entities. These special purpose entities are structured entities established with the narrow and well-defined objectives to provide investors opportunities to invest in those trade receivables and they generally finance the purchase of the trade receivables by issuing the ABN to investors. The Group assessed and determined that those structured entities need not be consolidated as the Group has no control over them.

The original carrying value of the trade receivables transferred under the arrangement that had not been settled as at 31 December 2019 was RMB553,429,000 (2018: RMB579,529,000). Since the Group neither transferred nor retained substantially all the risks and rewards of ownership of the trade receivables and retained control of the underlying assets, the Group only recognised the transferred assets to the extent of its continuing involvement amounting to RMB10,715,000 (2018: RMB9,618,000) as other assets, and also recognised associated liabilities amounting to RMB10,715,000 (2018: RMB9,618,000) as non-current liabilities, which approximate the maximum exposure to losses from its involvement in such arrangement and the unconsolidated structured entities.

47 SERVICE CONCESSION ARRANGEMENTS

In recent years, the Group has entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22 to 25 years of operation. The Group is responsible for the construction and maintenance of the wind power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue (note 5) recorded during the years represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognised intangible assets (note 17) related to the service concession arrangement representing the right that the Group receives to charge a fee for the sale of electricity. The Group has not recognised service concession receivables as the Grantor will not provide any guaranteed minimum payment to the Group for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction service and amortises the intangible assets over the operating period of the service concession projects.

48 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 27 March 2020, the Board of the Company proposed a final dividend. Further details are disclosed in note 36(b).

Since the outbreak of the novel coronavirus ("COVID-19") in January 2020, the epidemic prevention and control has been going on continuously. The Group will earnestly implement the requirements of relevant measures taken by government and strengthen the support for the prevention and control of the epidemic. According to the current situation, the Group expects the outbreak of COVID-19 to have limited impact on its business operation. The Group will continue closely to monitor the development of the epidemic, and react actively to its possible impact on the financial position and operating results of the Group.

49 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27 March 2020.

GLOSSARY OF TERMS

"19th CPC National Congress"	the 19th National Congress of the Communist Party of China
"Articles of Association"	the articles of association of the Company
"attributable installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"average utilisation hours"	the consolidated power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation, or agricultural waste used as a fuel or energy source
"Board"	the board of directors of the Company

GLOSSARY OF TERMS

"CHN Energy"	China Energy Investment Corporation Limited, formerly known as Shenhua Group Corporation Limited (神華集團有限責任公司). CHN Energy and Guodian Group entered into the Agreement on the Merger of China Energy Investment Corporation Limited and China Guodian Corporation on 5 February 2018. The implementation of the merge has been completed and the controlling Shareholder of the Company has been changed from Guodian Group into CHN Energy.
"clean development mechanism"	an arrangement under the Kyoto Protocol, allowing industrialised countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
"consolidated power generation"	the aggregate power generation or net electricity sales (as the case may be) of our project companies that we fully consolidate in our financial statements for a specified period
"Director(s)"	the directors of the Company

GLOSSARY OF TERMS

"electricity sales"	the actual amount of electricity sold by a power plant in a particular period of time, which is equivalent to gross power generation less comprehensive auxiliary electricity
"Group"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司) and its subsidiaries
"Guodian Finance"	Guodian Finance Co., Ltd. (國電財務有限公司)
"Guodian Financial Leasing"	China Guodian Financial Leasing Company Ltd. (國電融資租賃有限公司)
"Guodian Group"	China Guodian Corporation (中國國電集團公司)
"GW"	unit of energy, gigawatt. 1 GW = 1,000 MW
"GWh"	unit of energy, gigawatt-hour. The standard unit of energy used in the electric power industry. One gigawatt-hour is the amount of energy that would be produced by a generator producing one gigawatt for one hour
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

GLOSSARY OF TERMS

"load factor"	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. The standard unit of energy used in the electric power industry. One megawatt-hour is the amount of energy that would be produced by a generator producing one megawatt for one hour
"NDRC"	the National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"New Financial Service Agreement"	the financial services agreement entered into between Guodian Finance and the Company on 30 October 2018
"New Guodian Master Agreement"	the master agreement on mutual supply of materials, products and services entered into between the Company and Guodian Group on 9 November 2017
"our Company", "the Company", "we", "us", "our" or "Longyuan Power"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司)
"PRC" or "China"	the People's Republic of China, which, for the purpose of this report, excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan

GLOSSARY OF TERMS

"renewable energy"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"Reporting Period"	from 1 January 2019 to 31 December 2019
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	The State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"Shareholder(s)"	holder(s) of shares of the Company
"Southbound Trading"	Investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisory Board"	the supervisory board of the Company
"Stakeholder"	Any constituencies in the organization's environment that are affected by an organization's decisions and actions. It may be the internal of the Group (shareholder or staff etc.) or external of the Group (supplier or customer etc.)

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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Executive Directors

Mr. Jia Yanbing *(Chairman of the Board)*
Mr. Sun Jinbiao *(President)*

Non-executive Directors

Mr. Liu Jinhuan
Mr. Yang Xiangbin
Mr. Zhang Xiaoliang

Independent Non-executive Directors

Mr. Zhang Songyi
Mr. Meng Yan
Mr. Han Dechang

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Jia Yanbing

AUTHORIZED REPRESENTATIVES

Mr. Jia Yanbing
Mr. Jia Nansong
Mr. Zhang Songyi
(as Mr. Jia Yanbing's alternate)
Ms. Chan Sau Ling
(as Mr. Jia Nansong's alternate)

* *For identification purpose only*

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Mr. Jia Nansong
Ms. Chan Sau Ling

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China Longyuan Power Group Corporation Limited*

* For Identification Purpose Only