中国大唐集团新能源股份有限公司
China Datang Corporation Renewable Power Co., Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
Stock Code: 1798

2017 Annual Report

* For identification purpose only

Contents

Chairman's Statement

Dear shareholders,

In 2017, Datang Renewable forged ahead and made initial achievements in its endeavours. In response to an ever-changing complicated market environment, we upheld the business philosophy of green, optimised development, and ramped up our efforts in adjusting structure, enhancing development quality and improving management system and mechanism, thereby improving the professional capability of the Company in an all-round way. As such, the Company has embarked on a fast track of sound development and taken a solid step forward towards the realisation of new breakthrough development during the "13th Five-Year Plan" period.

As the new energy industry is flourishing across the globe, the new energy industry in China is in a stage of important strategic opportunities. The development mode of domestic new energy industry is shifting from emphasising speed towards emphasising both speed and quality and from centralised scale development towards diversification and decentralisation, which has ushered in an opportune period of development for new energy technology innovation. With the establishment of the general principle of "building an ecological civilization and spurring the development of clean energy industry" put forward at the 19th CPC National Congress, policies to encourage, support and promote the development, consumption and innovation of renewable energy will be rolled out in an accelerated time frame and the implementation of"Going Global" strategy will be quickened, which will provide broad prospects and strong guarantee for the development of the new energy industry. Meanwhile, with the deepening of the power system reform, competition in the industry will be intensified and the pressure of transformation and upgrading will be mounting, bringing new challenges to the new energy industry.

Facing new opportunities and challenges ahead, we will speed up adjustment to industrial structure and optimisation of regional layout. Continued efforts will be devoted to building a first-rate enterprise in accordance with standards, with a focus on improving our development quality, economic benefits and management. Through these efforts, we aim to continuously enhance the sustainable development capacity and comprehensive competitiveness of the Company and create greater value for shareholders, employees and the society.

Last but not the least, on behalf of the Board, I would like to express our heartfelt gratitude to our shareholders and friends from all walks of life for their trust and support.

Chairman of the Board
Chen Feihu

Message from the President

Dear Shareholders,

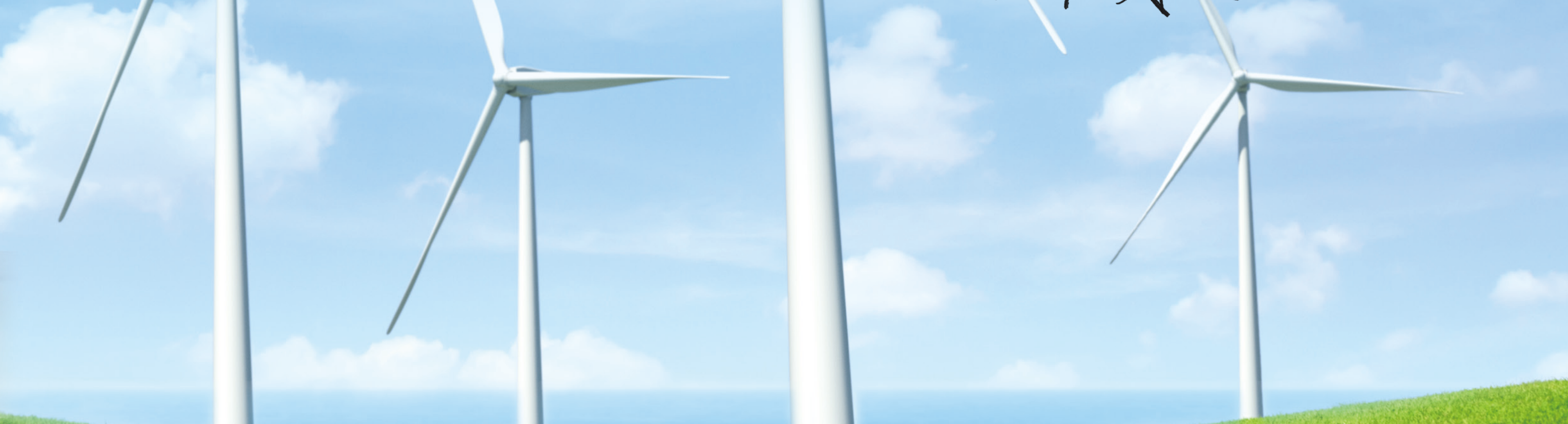
In 2017, the management of the Company, with the great support of all shareholders and the Board, carried out its work targeted for the "improvement of quality and efficiency". In particular, it took initiative in coping with market changes so as to improve the market competitiveness on a continuous basis, vigorously capitalized on development opportunities to pursue ongoing optimized assets structure and energetically pressed ahead management innovation to progressively level up its refined management capability. As a result, the Company recorded significant improvement in its profitability, capacity for sustained development and core competitiveness and achieved unprecedented breakthroughs in regard of various tasks. Electricity generation amounted to 15,298.69 GWh, representing a year-on-year increase of 3,001.57 GWh. The net profit amounted to RMB902.67 million, representing a year-on-year increase of RMB609.90 million or 208.32%, which was a historic high for the profitability of the Company after its incorporation.

At present, the goal of "building an ecological civilization and spurring the development of clean energy industry" were proposed at the sessions of the 19th National Congress of the Communist Party of China. The "two 15-year"general plan provided that China's increments in energy demands will have been completely fulfilled with clean energy by 2035. The general strategic framework for the promotion of energy revolution elevated the development of new energy and new green industries to an unprecedented level. The government has devoted serious energy to ecological conservation, which provides more extensive space for the development of the Company.

In 2018, we will secure development opportunities in the new energy industry and take active countermeasures against changes arising from new energy industry and the power market. While making great efforts to improve the operation capability of existing assets, we will also accelerate the pace of transformation and upgrade so as to relentlessly improve the profitability and core competitiveness of the Company and generate more generous returns for the investors.

In the end, we would like to extend our heartfelt gratitude to all the shareholders and friends from all circles in the society. Under the leadership of the Board, we will strive to achieve stronger, better and greater development of the Company with resolute determination.

President
Zhou Kewen



Company Profile

The predecessor of China Datang Corporation Renewable Power Co., Limited (stock code: 1798) was Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰塞罕壩風力發電有限公司) which was established on 23 September 2004 and subsequently renamed to China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源有限責任公司) on 19 March 2009. It was one of the earliest power enterprises that engaged in the development of new energy in the PRC. Since the establishment of the Company and after several years of rapid development, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange on 17 December 2010. As at 31 December 2017, the Company had a total of 7,273,701,000 issued shares, among which the Company's controlling shareholder China Datang Group Corporation Limited holds an aggregate of 65.61%.

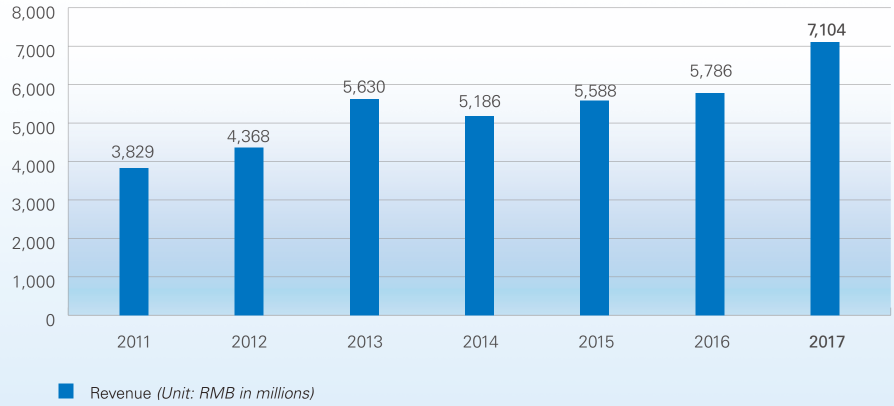
The Group is principally engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; research, sale, testing and maintenance of renewable energy-related equipment; power generation; design, construction and installation, repair and maintenance of domestic and overseas power projects; import and export services of renewable energy equipment and technologies; foreign investment; renewable energy-related consulting services; as well as leasing of property.

The Group is actively engaged in the renewable sources business including wind power, solar power and biomass. As at 31 December 2017, the Group's consolidated installed capacity amounted to 8,826 MW, including 8,647 MW of wind power installed capacity.

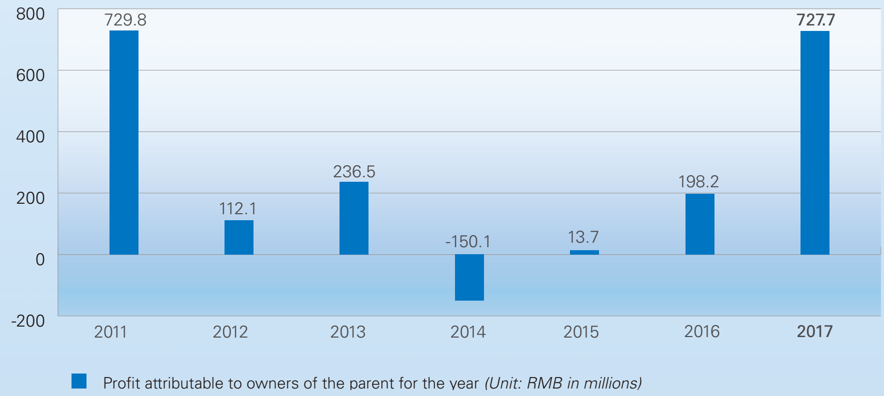
Corporate Structure: As at 31 December 2017, the Company's major corporate structure was as follows:

Key Operating and Financial Data

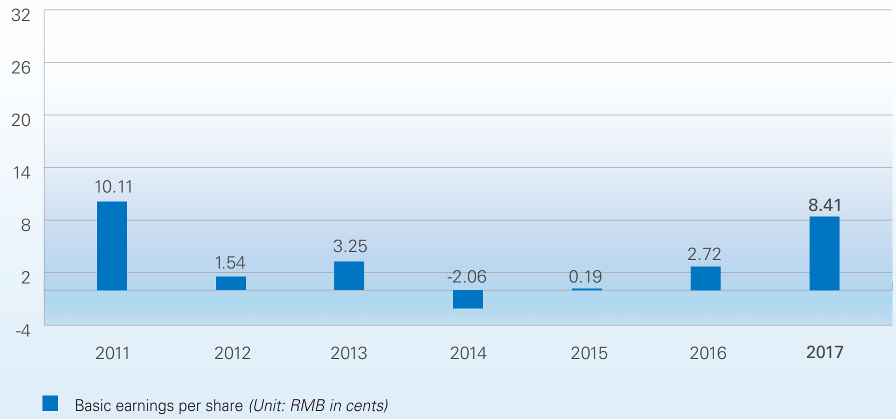
1. REVENUE



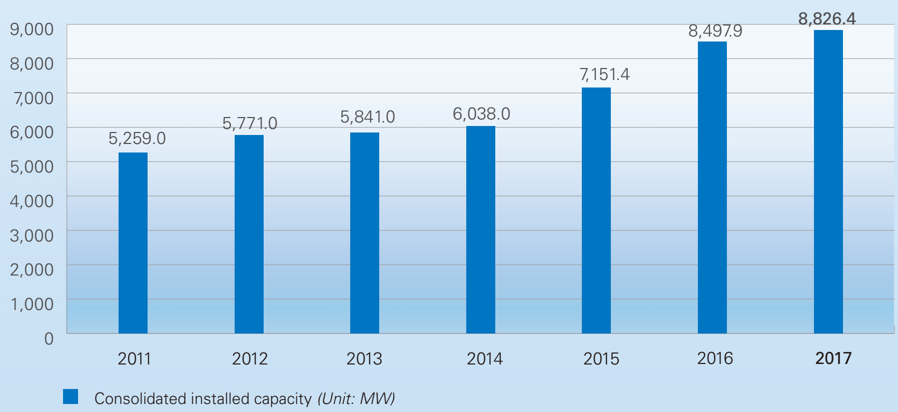
2. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT FOR THE YEAR



3. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT



4. CONSOLIDATED INSTALLED CAPACITY



Financial Highlights

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**7,104,089**	5,786,126	5,588,265	5,185,960	5,630,285
Other income and other gains, net	**204,383**	189,246	116,846	230,946	126,198
Operating expenses	**(4,440,556)**	(3,860,542)	(3,620,625)	(3,293,229)	(3,298,497)
Operating profit	**2,867,916**	2,114,830	2,084,486	2,123,677	2,457,986
Profit before tax	**1,059,012**	401,089	155,290	(61,662)	360,439
Income tax expense	**(156,342)**	(108,315)	(92,276)	(65,900)	(53,074)
Profit for the year	**902,670**	292,774	63,014	(127,562)	307,365
Total other comprehensive income for the year	**(9,068)**	29,941	(50,149)	(180,867)	241,534
Total comprehensive income for the year	**893,602**	322,715	12,865	(308,429)	548,899
Profit attributable to:					
– Owners of the parent	**727,678**	198,199	13,711	(150,115)	236,500
– Non-controlling interests	**174,992**	94,575	49,303	22,553	70,865
	902,670	292,774	63,014	(127,562)	307,365
Total comprehensive income attributable to:					
– Owners of the parent	**718,568**	227,984	(36,265)	(330,740)	478,783
– Non-controlling interests	**175,034**	94,731	49,130	22,311	70,116
	893,602	322,715	12,865	(308,429)	548,899
Basic and diluted earnings per share attributable to owners of the parent *(expressed in RMB per share)*	**0.0841**	0.0272	0.0019	(0.0206)	0.0325

Financial Highlights (Continued)

	At 31 December				
	2017	2016	2015	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	**62,826,238**	63,161,481	57,205,464	53,427,082	50,476,748
Total current assets	**7,722,010**	5,630,508	3,609,047	6,682,878	5,911,565
Total assets	**70,548,248**	68,791,989	60,814,511	60,109,960	56,388,313
Equity attributable to owners of the parent	**11,394,149**	10,879,315	10,765,462	10,918,363	9,291,985
Non-controlling interests	**2,974,745**	2,826,481	2,813,602	2,729,918	2,570,961
Total equity	**14,368,894**	13,705,796	13,579,064	13,648,281	11,862,946
Total non-current liabilities	**34,917,499**	34,575,589	30,173,150	35,510,392	34,254,965
Total current liabilities	**21,261,855**	20,510,604	17,062,297	10,951,287	10,270,402
Total liabilities	**56,179,354**	55,086,193	47,235,447	46,461,679	44,525,367
Total equity and liabilities	**70,548,248**	68,791,989	60,814,511	60,109,960	56,388,313

Management Discussion And Analysis

I. INDUSTRY OVERVIEW

In 2017, the State intensified ecological civilization construction. The report of the 19th National Congress of the Communist Party of China ("the 19th CPC National Congress") proposed to build an ecological society and expand the energy conservation and environmental protection industry, clean production industry and clean energy industry. The State has set up the overall strategic framework for promoting energy reform, which elevated the development of new energy and new green industries to an unprecedented height, and clarified that the proportion of non-fossil energy in the total consumption of primary energy will reach approximately 15% in 2020 and approximately 20% in 2030.

In 2017, the State went all out to promote the reform of energy system and mechanism and improve the support policies for clean energy, proposed the proportion of clean energy and published the Notice on Trial Implementation of the Renewable Energy Green Power Certificate Issuance and Voluntary Subscription Trading System (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》). In 2017, the State vigorously solved the problem of wind power curtailment. The National Energy Administration issued the Notice on Monitoring and Early Warning Results of Investment in Wind Power in 2017 (《關於2017 年度風電投資監測預警結果的通知》) to clearly specify that it is not allowed to construct new wind power projects in the red alert areas of wind power development and construction; the State Grid Corporation proposed 20 measures to promote consumption of new energy and control of wind and PV power curtailment ratio within 5% in 2020 to ensure healthy and orderly development of new energy industry.

In 2017, according to the data published by China Electricity Council, the national electricity consumption continued stable and rapid growth and reached 6,300 billion kWh, representing a year-on-year increase of 6.6%. The national installed power generation structure was further optimised, the problem of wind and PV power curtailment was obviously relieved and the installed power generation structure became apparently cleaner. The data published by the National Energy Administration indicated that, as at the end of 2017, the newly added on-grid wind power installed capacity was 15,030MW, representing 9.2% of the total installed power generation capacity; the annual wind power generation was 305.7 billion kWh, representing 4.8% of the total power generation, up by 0.7 percentage point year-on-year. In 2017, the nationwide average utilization hours of wind power was 1,948 hours, representing a year-on-year increase of 203 hours. The wind power curtailment throughout the year amounted to 41.9 billion kWh, representing a year-on-year decrease of 7.8 billion kWh. The situation of wind power curtailment significantly improved.

II. BUSINESS REVIEW

As at 31 December 2017, the Group's consolidated installed capacity amounted to 8,826.42 MW, representing an increase of 3.87% over the same period in last year. Electricity generation throughout the year amounted to 15,299 GWh, representing a year-on-year increase of 24.41%. The average on-grid tariff (tax inclusive) of the Group was RMB566.61/MWh. Profit attributable to owners of the parent amounted to RMB728 million.

(I) Substantial increase in profitability with the growth ranking the top in the industry

1. *Continuous improvement of production management led to further enhancement of power generation capacity of units.*

The Company comprehensively strengthened production and operation management, continued to pay much attention to equipment management and carried out operation optimisation in a deep-going way, resulting in the further consolidation of safety production foundation and further enhancement of equipment reliability. In particular, in light of increasing old units and units out of warranty, the Company's equipment availability reached 98.64% in 2017, maintaining a relatively high level in the industry and representing a further increase over last year. In the meantime, the Company continually performed quality and efficiency enhancement for wind turbines and adopted measures including optimisation of control system, transformation of cascade blades, installation of efficiency improvement components, etc. to comprehensively enhance the power generation capacity of units in service.

As at 31 December 2017, the average utilisation hours of wind power of the Group were 1,905 hours, representing a year-on-year increase of 150 hours or 8.55%. The average utilisation hours of the Group by region were as follows:

Region	Average utilisation hours in 2017 *(hours)*	Average utilisation hours in 2016 *(hours)*	Year-on-year change in average utilisation hours *(hours)*
Total	**1,899**	1,753	146
Wind power	**1,905**	1,755	150
Inner Mongolia	**2,159**	1,869	290
Heilongjiang	**2,013**	1,742	271
Jilin	**1,750**	1,429	321
Liaoning	**1,872**	1,915	-43
Gansu	**1,365**	1,161	204
Ningxia	**1,572**	1,643	-71
Shaanxi	**1,560**	1,901	-341
Shanxi	**2,025**	1,981	44
Hebei	**2,187**	2,263	-76
Henan	**2,336**	2,228	108
Hubei	**1,795**	2,121	-326
Anhui	**1,351**	1,614	-263
Guangxi	**1,658**	1,920	-262
Guizhou	**1,630**	2,206	-576
Yunnan	**1,941**	2,123	-182
Chongqing	**1,564**	2,325	-761
Guangdong	**1,863**	1,854	9
Shandong	**1,744**	1,702	42
Shanghai	**2,420**	2,304	116
Fujian	**2,760**		
Photovoltaic	**1,474**	1,476	-2
Jiangsu	**958**	990	-32
Ningxia	**1,314**	1,445	-131
Qinghai	**1,655**	1,607	48
Shanxi	**1,714**	1,665	49
Liaoning	**997**		
Gas	**5,704**	5,822	-118
Shanxi	**5,704**	5,822	-118

2. ***Continuous enhancement of electric power management greatly relieved wind power curtailment.***

   In 2017, given the favourable situation of obvious relief of wind power curtailment in Northeast China, North China and Northwest China, the Group vigorously carried out benchmarking in respect of critical indicators of power generation. Targeted supervision was performed for "external benchmarking for lines" and "internal benchmarking for wind turbines" following the "three same" principles, i.e. same region, same lines and same type, to comprehensively enhance the benchmarking for utilization hours in the areas subject to power curtailment.

   As at the end of 2017, due to the joint effects of all staff of the Group, the wind power curtailment ratio decreased from the 21.19% in 2016 to 15.28%, representing a year-on-year decrease of 5.91 percentage points, higher than national average decrease, and the wind power curtailment amount decreased by 535 million kWh year-on-year. In the areas subject to power curtailment where the Company has presence, the power curtailment ratios were on a downward trend.

3. ***Sustained enhancement of marketing management contributed to maintenance of a good growth momentum in respect of revenue from sales of electricity.***

   In 2017, the Group proactively coped with the reform of power system and mechanism and changes in the electricity market, and thoroughly promoted the construction of marketing system and mechanism. In addition to building a marketing platform, the Group vigorously constructed a differentiated marketing work system to speed up the formation of marketing mechanism tallying with market changes. Moreover, the Group proactively participated in the electricity transactions in the markets of many places and achieved further increase in power generation and revenue per kW on the basis of ensuring an electricity transaction price not lower than local average transaction price.

4. ***Continual advancement of regional structural adjustment resulted in gradual reveal of the pulling effects of new units.***

   In 2017, the effects of regional structural adjustment strengthened by the Company gradually revealed. In the recent two years, the average utilization hours of the Company's projects newly put into production were more than 2,000 hours, over 100 hours higher than that of existing projects. In 2017, the power generation of the Company successively recorded a historical record of monthly power generation in April, May and November, and the monthly utilization hours in November recorded a new high.

As at 31 December 2017, the consolidated power generation of the Group by geographical area was as follows:

Region	Consolidated power generation as at the end of 2017 *(MWh)*	Consolidated power generation as at the end of 2016 *(MWh)*	Rate of change in consolidated power generation *(%)*
Total	15,298,687	12,297,121	24.41%
Wind power	15,038,357	12,076,542	24.53%
Inner Mongolia	5,959,475	4,782,902	24.60%
Heilongjiang	908,025	754,108	20.41%
Jilin	1,134,236	926,331	22.44%
Liaoning	704,783	623,750	12.99%
Gansu	1,154,762	863,335	33.76%
Ningxia	781,955	672,934	16.20%
Shaanxi	232,482	188,223	23.51%
Shanxi	918,351	588,478	56.06%
Hebei	216,521	224,020	-3.35%
Henan	235,343	224,507	4.83%
Hubei	64,627	40,295	60.38%
Anhui	64,826	77,488	-16.34%
Guangxi	164,177	137,273	19.60%
Guizhou	78,238	11,032	609.19%
Yunnan	495,033	423,659	16.85%
Chongqing	78,222	20,922	273.87%
Guangdong	92,225	91,765	0.50%
Fujian	74,052	0	–
Shandong	1,186,819	955,034	24.27%
Shanghai	494,207	470,486	5.04%
Photovoltaic	231,811	191,469	21.07%
Jiangsu	17,701	18,293	-3.24%
Liaoning	38	0	–
Ningxia	64,364	70,783	-9.07%
Qinghai	115,422	85,400	35.15%
Shanxi	34,286	16,993	101.77%
Gas	28,518	29,110	-2.03%
Shanxi	28,518	29,110	-2.03%

5. *Continued promotion of cost reduction and efficiency enhancement gave rise to significant improvement of overall profitability.*

In 2017, following the principle of "one policy for one plant", the Company reinforced special governance for loss-making enterprises and strengthened control over cost budgeting with the focus placed on comprehensive budget management to strictly control the expenses of various sections of the entire cost chain to ensure effective cost reduction and efficiency enhancement. In 2017, 10 grassroots wind power enterprises of the Company turned losses into gains and their profits increased by RMB175 million year-on-year. In particular, Tongliao Company and Gansu Company, being key loss-making enterprises of the last year, recorded a year-on-year profit increase of RMB115 million and RMB121 million, respectively.

The Company responded to the changes in the financial situation in a scientific way, strengthened cooperation with banks to expand the financing channel, and continued to optimize the debt structure, striving to control the financing costs, to provide sufficient financial support for the sustainable development of the Company.

(II) Effective improvement of sustainable development capacity as a result of comprehensive optimization of assets layout

1. *Continuous optimisation of regional layout brought about stable increase in approved capacity.*

In 2017, the Group continued to exert more efforts for regional structural adjustment, intensified development of projects in the areas not subject to power curtailment in mid-eastern China and southern China and vigorously expanded the scope of resources survey while simultaneously optimizing the wind resources, landform features and other elements, to continuously prepare the wind farm site selection plan meeting requirements on economical efficiency, safety and environment. Relying on transmission through large channels, and given the relief of power curtailment, the Group carried out resources conservation in the areas subject to power curtailment in steps and in a planned way.

In 2017, the Group obtained approval for projects with a total capacity of 1,024,500kW and achieved the total resource reserves of nearly 40 million kW, including the total resources for which measurement of wind and PV power has been conducted of 22 million kW and the onshore wind power resource reserves in the areas not subject to power curtailment of 6.8 million kW, accounting for 34.2% of total onshore wind power resource reserves. The regional structural optimisation results have greatly improved.

2. ***Continual adjustment to industrial structure engendered achievement of coordinated development of multiple segments.***

In 2017, the Group intensified development efforts for PV power generation, distributed energy, multi-energy complementation and other new energy segments. It successfully won the bid for the PV project in Henan, acquired filing for the distributed PV project in Tianjin, and proactively carried out demonstration for the multi-energy complementation intelligent energy project in Beijing. Furthermore, the Group also acquired the filing for the distributed roof PV and internal combustion engine segments of relevant projects. The industrial structure is increasingly perfect.

In 2017, leveraging on the commencement of construction of phase I project in Binhai, Jiangsu, the Group did what it could to retain the offshore wind power resources in Jiangsu, Guangdong and other places and made substantial breakthroughs in the development of offshore wind power projects. Meanwhile, the Group continued to strengthen the study on relevant national electric power investment markets in relation to "the Belt and Road Initiative", etc. and focused on the acquisition and development of overseas projects, laying a sound foundation for the Group's adjustment to an industrial structure.

(III) Significant enhancement of core competitiveness due to vigorous intensification of lean management capacity

1. ***In-depth and comprehensive benchmarking management carried out with remarkable positive results.***

In 2017, the Group comprehensively established an integrated benchmarking system covering all professions and dimensions including planning, production, finance and preliminary work. It strived to deepen the employees' awareness of benchmarking enhancement, perfect its benchmarking guarantee mechanism and give full play to the guiding and enhancing effect of benchmarking, in order to expedite its transition from a production-oriented enterprise to a business-oriented one. The management efforts were rewarded with remarkable results: both the profitability and the power generation capacity of the Group improved substantially.

2. ***In-depth comprehensive quality management implemented with project management quality greatly improved.***

In 2017, more emphasis was put on the quality of early stage project development, and site selection of wind farms became more refined at both macro and micro levels thanks to the advanced wind power resource management cloud platform and the scientific computing model built by the Test and Research Institute of the Company.

The Company attached more importance to the quality of project construction, aiming at creating top-quality projects with "short construction period, low cost, excellent quality and high profitability". For construction projects in areas with low wind speed in particular, the Company has mastered the relevant core technologies in terms of independent capacity analysis, selection of suitable models and optimization of the overall layout. At the same time, the booster station of Jiangsu offshore wind power project, the first of its type independently developed by the Company, was completed and its initial transmission was successful. The booster station is currently Asia's largest in size, shortest in construction period, most optimized in cost and most advanced in technology.

The Company also paid more attention to the operation quality of wind farms and carried out the "5229" project creatively. Leveraging on the newly built dispatching center with big data cloud computing platform, the Company carried out multi-level and multi-perspective evaluations of wind farms comprehensively and established a typical wind farm comprehensive evaluation system. It made progress with refined management of wind farms by promoting and copying advanced management experiences and modes of internal wind farms, and sought to realize the transition to the management mode of "centralized monitoring, less people on duty, integrated operation and maintenance, and professional maintenance" gradually.

As at 31 December 2017, the consolidated installed capacity of the Group by region was as follows:

Region	**Consolidated installed capacity as at the end of 2017** *(MW)*	Consolidated installed capacity as at the end of 2016 *(MW)*	Change in consolidated installed capacity *(%)*
Total	**8,826.42**	8,497.92	3.87%
Wind power	**8,646.95**	8,345.45	3.61%
Inner Mongolia	**2,956.05**	2,754.05	7.33%
Eastern Inner Mongolia	**2,151.75**	1,949.75	10.36%
Western Inner Mongolia	**804.30**	804.30	0.00%
Northeast China	**1,522.90**	1,522.90	0.00%
Heilongjiang	**501.00**	501.00	0.00%
Jilin	**648.10**	648.10	0.00%
Liaoning	**373.80**	373.80	0.00%

Region	Consolidated installed capacity as at the end of 2017 *(MW)*	Consolidated installed capacity as at the end of 2016 *(MW)*	Change in consolidated installed capacity *(%)*
Central and Western China	**3,005.80**	2,906.30	3.42%
Gansu	**845.80**	845.80	0.00%
Ningxia	**547.50**	497.50	10.05%
Shaanxi	**149.00**	149.00	0.00%
Shanxi	**625.50**	576.00	8.59%
Hebei	**99.00**	99.00	0.00%
Henan	**100.75**	100.75	0.00%
Hubei	**48.00**	48.00	0.00%
Anhui	**48.00**	48.00	0.00%
Guangxi	**148.00**	148.00	0.00%
Guizhou	**48.00**	48.00	0.00%
Yunnan	**296.25**	296.25	0.00%
Chongqing	**50.00**	50.00	0.00%
South-East Coastal Areas	**1,162.20**	1,162.20	0.00%
Guangdong	**49.50**	49.50	0.00%
Fujian	**48.00**	48.00	0.00%
Shandong	**860.50**	860.50	0.00%
Shanghai	**204.20**	204.20	0.00%
Photovoltaic Power Generation	**174.47**	147.47	18.31%
Jiangsu	**18.47**	18.47	0.00%
Ningxia	**49.00**	49.00	0.00%
Qinghai	**80.00**	60.00	33.33%
Shanxi	**20.00**	20.00	0.00%
Liaoning	**7.00**	–	–
Gas Power Generation	**5.00**	5.00	0.00%
Shanxi	**5.00**	5.00	0.00%

3. *Technical innovation pursued relentlessly to comprehensively enhance the Company's technological capability.*

In 2017, the Company, riding on the trend, continued to realize technological innovations and breakthroughs. Site selection of wind farms became more refined at both macro and micro levels thanks to the management cloud platform and the scientific computing model. For construction projects in areas with low wind speed, the Group has mastered the relevant core technologies in terms of independent capacity analysis, selection of suitable models and optimization of the overall layout.

In 2017, the Company acquired a total of 296 patents, including 28 invention patents, participated in the stipulation and revision of 55 industry, national and international (industry level and above) standards, and had a leading position in the nationwide power industry. Its proposals on two standards in the solar-thermal industry were accepted by the International Electrotechnical Commission, highlighting a major breakthrough in standard internationalization in the power generation industry.

4. *Construction of Saihanba wind farm with "four top features" to further build the positive image of the Company.*

In 2017, the Company, after tapping deeper into the rich connotation of the "four top features", advanced with the setting-up of standards for Saihanba wind farm in 14 aspects of four elements, i.e. largest, strongest, optimal and most beautiful. The "four top features" of Saihanba have continuously manifested the advantage in respect of corporate brand. As at the end of 2017, the Saihanba wind farm had a capacity of more than 1.5 million kW, with its scale efficiency leading the industry. During the 19th CPC National Congress, the model of Saihanba wind farm, as one of three models of the State-owned Assets Supervision and Administration Commission of the State Council, was exhibited in the national achievement exhibition themed "five years of striving" as a gorgeous representative of the Company.

III. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial information of the Group together with the accompanying notes included in this announcement and other sections therein.

(I) Overview

The Group's profit for 2017 amounted to RMB902.67 million, representing an increase of RMB609.90 million compared to RMB292.77 million in 2016, of which profit attributable to owners of the parent amounted to RMB727.68 million.

(II) Revenue

The Group's revenue increased by 22.78% to RMB7,104.09 million in 2017 compared to RMB5,786.13 million in 2016, primarily due to increase in revenue from sales of electricity.

The Group's electricity sales revenue increased by 23.21% to RMB7,044.70 million in 2017 compared to RMB5,717.85 million in 2016, primarily due to the increase in capacity put into operation and mitigation of curtailment ratio.

(III) Other income and other gains, net

The Group's net other income and other gains, increased by 8.00% to RMB204.38 million in 2017 compared to RMB189.25 million in 2016, primarily due to the increase in government grants recognized for the current period.

The Group's government grants increased by 30.75% to RMB230.10 million in 2017 compared to RMB175.99 million in 2016, primarily due to the increase in value-added tax refund.

(IV) Operating expenses

The Group's operating expenses (excluding service concession construction costs) increased by 15.01% to RMB4,433.38 million in 2017 compared to RMB3,854.85 million in 2016, mainly due to the increase in depreciation and amortisation charges as a result of higher installed capacity and provision for impairment losses for the Long Gan Lake wind power project.

The Group's depreciation and amortisation charges increased by 11.64% to RMB3,159.00 million in 2017 compared to RMB2,829.60 million in 2016, primarily due to the increase in installed capacity.

The Group's employee benefit expenses increased by 3.68% to RMB465.38 million in 2017 compared to RMB448.85 million in 2016, primarily due to the increase in expensed labour cost as a result of increase in capacity put into operation.

The Group's other operating expenses increased by 70.88% to RMB567.03 million in 2017 compared to RMB331.84 million in 2016, primarily due to the provision for impairment losses for the Long Gan Lake wind power project.

(V) Operating profit

The Group's operating profit increased by 35.61% to RMB2,867.92 million in 2017 compared to RMB2,114.83 million in 2016, mainly due to the increase in electricity sales revenue as a result of increase in average utilization hours of wind turbines.

(VI) Finance expenses, net

The Group's net finance expenses increased by 7.76% to RMB1,869.98 million in 2017 compared to RMB1,735.25 million in 2016, primarily due to the increase in interest bearing bank loans and other loans.

(VII) Share of profits and losses of associates and joint ventures

The Group recorded RMB62.09 million in share of profit of associates in 2017 compared to a profit of RMB21.44 million in 2016.

The Group recorded RMB1.02 million in share of loss of joint ventures in 2017 compared to a profit of RMB0.07 million in 2016.

(VIII) Income tax expense

The Group's income tax expense increased by 44.34% to RMB156.34 million in 2017 compared to RMB108.32 million in 2016, mainly due to the fluctuation in profits, together with the mixed commencement and expiration of tax reliefs for certain subsidiaries of the Group located in regions with preferential income tax rates.

(IX) Profit for the year

The Group's profit for the year increased by RMB609.90 million to RMB902.67 million in 2017 compared to the profit of RMB292.77 million in 2016. For the year ended 31 December 2017, the Group's profit for the year as a percentage of its total revenue (excluding revenue from provision of services under concession arrangements) increased to 12.72% as compared with that of 5.06% in 2016.

(X) Profit attributable to owners of the parent

The profit attributable to owners of the parent increased by RMB529.48 million, or 267.15%, to RMB727.68 million in 2017 compared to the profit of RMB198.20 million in 2016.

(XI) Profit attributable to non-controlling interests

The profit attributable to non-controlling interests of the Group increased by 85.03% to RMB174.99 million in 2017 compared to RMB94.58 million in 2016.

(XII) Liquidity and capital sources

As at 31 December 2017, the Group's cash and cash equivalents increased by 4.95% to RMB1,223.92 million compared to RMB1,166.21 million as at 31 December 2016. The main sources of the Group's operating capital are revenue from the sales of electricity.

As at 31 December 2017, the Group's borrowings increased by 7.89% to RMB47,821.72 million compared to RMB44,326.24 million as at 31 December 2016. In particular, RMB13,314.50 million (including RMB4,753.11 million of long-term borrowings due within one year) was short-term borrowings, and RMB34,507.22 million was long-term borrowings. The above borrowings include borrowings of RMB47,777.34 million denominated in RMB and borrowings of RMB44.38 million denominated in USD.

As at 31 December 2017, the Group has unutilised financing facilities amounting to approximately RMB43,927.7 million, of which approximately RMB20,845.0 million are not subject to renewal in upcoming 12 months from the end of the reporting period.

(XIII) Capital expenditure

The Group's capital expenditure decreased by 56.45% to RMB3,716.98 million in 2017 compared to RMB8,525.33 million in 2016. Capital expenditure mainly comprises construction costs including acquisition or construction of property, plant and equipment, land use rights and intangible assets.

(XIV) Net gearing ratio

The Group's net gearing ratio (net debt (total borrowings less cash and cash equivalents) divided by the sum of net debt and total equity) was 76.43% in 2017, 0.53 percentage point higher than 75.90% as in 2016.

(XV) Significant investment

In 2017, the Group made no significant investment.

(XVI) Material acquisition and disposal

In 2017, the Group had no material acquisition or disposal.

(XVII) Pledge of assets

Some of the Group's bank loans and other loans are secured by property, plant and equipment, concession assets, electricity tariff collection rights and bills receivable. As at 31 December 2017, net carrying value of the pledged assets amounted to RMB6,700.63 million.

(XVIII) Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

IV. RISK FACTORS AND RISK MANAGEMENT

(I) Policy risk

Since 2005, the PRC government has offered increasing policy support to the renewable energy industry and implemented a series of preferential measures to bolster the development of domestic wind power projects, including compulsory grid connections, on-grid tariff subsidies, and preferential tax policies. Although the PRC government has reiterated that it would continue to intensify its support for the development of wind power industry, there is still possibility that it might alter or repeal the current preferential measures and favorable policies without any prior notice. In addition, the Chinese government has recently been continuously deepening the reform of electric power system, and the competition mechanism among power-generation enterprises, including renewable energy, is taking shape at a fast pace. On 26 December 2016, the National Development and Reform Commission issued the Notice Regarding the Adjustment to Benchmark On-grid Tariffs of PV and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標桿上網電價的通知》), the electricity price of future new energy projects will be gradually reduced and hence has an indefinite influence on the income of the Company.

(II) Power curtailment risk

As the wind farm construction progress in certain areas did not match with the progress of grid construction, it is difficult to transmit all the potential electricity that could be generated when wind farms run at full load, thus hindering the power transmission upon completion of projects of the Group. In addition, the increasingly intensified contradiction between the slow increase in social power consumption and the rapid increase in generation capacity might result in the failure of full consumption of energy output from the Group's power generating projects operating at full load.

(III) Competition risk

Currently, there are more investment entities participating in the domestic wind power development projects, all of which are actively capturing the resources, leading to more fierce competition. As a result, the Group will continue to adjust its portfolio scientifically, consolidate existing resource reserves, explore a new area of resources and further expand resource reserves. Meanwhile, the Company will enhance efforts in technology and management innovation and will continuously improve its core competitiveness by making use of its existing strengths.

(IV) Climate risk

The commercial viability and profitability of the Group's wind farms are highly dependent on suitable wind resources and weather conditions. The Group's investment decisions for each wind power project are based on the findings of feasibility studies conducted on site before starting construction. However, the actual climatic conditions, particularly the wind resource conditions at the project site, may deviate from the findings of these feasibility studies. Thus, our wind power project might fail to reach the expected production level, which may adversely affect forecasted profitability of projects.

(V) Risks related to interest rate

Interest risk may result from fluctuations in bank loan rate. Such interest rate changes will have impact on the Group's capital expenditure and will eventually affect our operating results. As the Group highly relies on external financing in order to obtain investment capital to expand wind power business, we are particularly sensitive to the capital cost in securing such loans.

(VI) Exchange rate risk

Fluctuations of RMB exchange rates could adversely affect the Group's financial position and operating results. Although the Group conducts substantially all of its business operations in the PRC and its major revenue is denominated in RMB, the Group also converts RMB into foreign currencies to purchase equipment and services from abroad, make overseas investments and foreign acquisitions, or pay dividends to our shareholders. We are therefore subject to risks associated with foreign currency exchange rate fluctuations. Fluctuations in the value of RMB against foreign currencies may reduce our RMB revenue from the sales of Certified Emission Reduction, increase our RMB costs for foreign acquisitions and foreign currency borrowings, or affect the prices of our imported equipment and materials. Accordingly, the Group will pay active attention to the research of market exchange rates variation, and adopt various means to enhance our control over exchange rate risk.

V. OUTLOOK ON THE FUTURE DEVELOPMENT

(I) Opportunities faced by the Group

At present, the renewable energy represents advanced productivity and one of the most important energies for development in the world. The Chinese government continues to promulgate favorable supporting policies for the domestic new energy industry and has established "two 15-year" general plan, according to which, China's increments in energy demands will be completely fulfilled by clean energy and renewable energy will go through the period of substitution for increments thereof by 2035.

In 2017, wind power and PV power curtailment problems were subsided substantially in China owing to the great importance attached by the Chinese government in this regard and as effected by the specific measures in respect of new energy consumption. In 2018, problems concerning the wind power and PV power curtailment are expected to be further alleviated following the growing effects of power outbound transmission and the successive introduction of policies including the Renewable Portfolio Standard.

In recent years, energy technology enjoyed a rapid development, breakthroughs were made especially in the technologies concerning energy efficiency, energy storage and intelligent grid, technologies in relation to the wind power, solar energy, bulk power grids, intelligence-based energy and energy storage evolved into new trends and cutting-edge technologies such as power generation development under low wind speed conditions and wind resource utilization continued to break new grounds. Consequently, renewable energy will inevitably become the dominant energy in virtue of its lower cost, cleanness, flexibility and stability and bring along enormous development and imagination space for the policy makers and enterprises engaged therein.

(II) Outlook for 2018

In 2018, we will secure development opportunities in the new energy industry and take active countermeasures against changes arising from new energy industry and the power market. While making great efforts to improve the operation capability of existing assets, we will also accelerate the pace of transformation and upgrade so as to relentlessly improve the profitability and core competitiveness of the Company and generate more generous returns for the investors. In 2018, we will focus on the following tasks:

1. ***Concentrate efforts to level up generation capacity of the generation units and improve the effectiveness of the existing assets.***

   We will deepen equipment management and reinforce operation and management. Meanwhile, renovation of ageing generation units will be accelerated such that effectiveness of the existing generation units can be further improved.

2. ***Energetically optimize the development layout and accelerate the industry restructuring.***

   We will devote more efforts to preempting prime resources in areas not subject to power curtailment in Central Eastern China and Southern China so as to optimize the resource structure in a continuous manner. In addition, we will speed up the industry restructuring through continuous efforts on exploring the emerging field of clean energy and rapid development of the offshore wind power. Meanwhile, we proactively study and capture development opportunities arising from the countries along the "the Belt and Road Initiative" in the hope of achieving new breakthroughs in industry restructuring.

3. ***Strive to accelerate development pace and improve development quality.***

   The development and construction speed of the Company will further pick up in the wake of the ongoing release of areas at the red alert level in China and the progressive fulfilment of environmental protection requirements. In 2018, the Company will continue to exert strict control over the construction quality and thoroughly carry out optimized design and fine management of construction cost with the view to constructing every project in compliance with the premium criteria.

4. ***Emphasize on the improvement of asset operation capability and establish a positive corporate image.***

   We will make full use of debt financing, capitalization of trade receivables and other approaches to fight against the capital constraints and the rising interest rates in the financial market responsively so as to maintain sufficient capital and avail ourselves of the low-cost financing advantage.

   We will intensify capital operation and identify domestic and overseas high quality new energy assets, whereby to increase the consolidated installed capacity. Meanwhile, we will actively scheme for the acquisition and merger of such assets and strive to achieve substantial breakthroughs.

   We will also strengthen compliance management and market value management and establish positive corporate image.

5. ***Strengthen team building and upgrade the technical skills of professional staff.***

   We will adopt a comprehensive approach to boost the quality of our talent team. In particular, we will expedite the cultivation of a team composed of new energy professionals armed with modern ideas, new technologies and competent skills and facilitate the rapid development of the new energy professional team at a higher speed, thereby providing personnel support for the development of the wind power business of the Company.

Major Events in 2017

In January 2017, the Company held the fourth conference of the first session of the employee representative meeting and the 2017 work conference to present an overall summary of the work done in 2016, analyzed the current situation and set work arrangement for 2017.

In January 2017, the Company's 50MW Husbandry-photovoltaics complementary power generation project in Sangzhuzi District, being our very first photovoltaic project in Tibet, was filed and approved by Development and Reform Commission of Tibet Autonomous Region.

In April 2017, the Company's first extraordinary general meeting in 2017 was held, at which Mr. Chen Feihu was appointed as a non-executive Director and Chairman of the Board and Mr. Zhou Kewen was appointed as the president of the Company.

In May 2017, the Company issued the 2017 first tranche of ultra-short-term bonds with an aggregate amount of RMB2 billion.

In June 2017, the Company's annual general meeting for the year 2016 was held, at which 14 resolutions were considered and approved, including the working report of the Board of Directors, the working report of the Supervisory Committee, the final financial report, the financial budget report and the investment plan of the Company and the appointments of Mr. Zhou Kewen as an executive Director and vice Chairman of the Board, Ms. Huo Yuxia and Ms. Ding Yu as supervisors of the Company.

In October 2017, the Company, as part of the Chinese delegation, was present at the annual meeting held by IEC/TC117 in Morocco.

In November 2017, the Company's multi-energy complementary demonstration project for development of decentralized energy was filed by Development and Reform Commission of Huairou District, Beijing.

In December 2017, the Company developed and constructed its first offshore wind power project in Jiangsu, the booster station of which was put into operation once built and is so far the largest independent offshore booster station in Asia with the shortest construction period, optimal construction costs and leading-edge technology.

In December 2017, the installed capacity of the Company's wind farm in Saihanba reached 1.5 million kW, making it the largest independent wind farm in service in a single area around the world.

I. PRINCIPAL OPERATIONS

The Group is principally engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; development, sale, testing and maintenance of renewable energy-related equipment; power generation; engineering, construction and installation, repair and maintenance of domestic and overseas power projects; import and export of renewable energy equipment and technologies; foreign investment; renewable energy-related consulting services; as well as leasing of property, etc.

Details of the Company's subsidiaries and associates and joint ventures are set out in Notes 31 and 15 to the consolidated financial statements respectively.

II. RESULTS

The audited results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 121 to 122 of this annual report. The financial position of the Group as at 31 December 2017 is set out in the consolidated statement of financial position on pages 123 to 124 of this annual report. The cash flows of the Group for the year ended 31 December 2017 are set out in the consolidated statement of cash flows on pages 127 to 129 of this annual report.

The description of relationship between the Group and employees is set out in Human Resources on pages 113 to 114 of this annual report. The indemnity provisions of the Company are set out in the directors' liability insurance under the Corporate Governance Report on page 66 of this annual report. The aforementioned sections form part of the Report of Directors.

III. BUSINESS REVIEW

In 2017, the Group conscientiously implemented the Electricity Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》) and strictly complied with the relevant laws and regulations. In 2017, the Company, centering on "quality and efficiency enhancement", changed its thoughts to proactively cope with the market changes. While constantly enhancing its competitiveness in the market, the Company energetically seized development opportunities to continuously optimised its assets layouts, resulting in remarkable enhancement of the Company's profitability, sustainable development capacity and core competitiveness as well as historical breakthroughs in work in all aspects.

A discussion and analysis of the Group's business review, performance, key factors of its results and financial performance during the year, the risk factors and risk management and the prospect for future development are set out in the Management Discussion and Analysis on pages 10 to 27 of this annual report.

IV. SOCIAL RESPONSIBILITY

In 2017, the Group has complied with the Electricity Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》), and the "Thirteenth Five-year" Plan for Power Development (《電力發展"十三五"規劃》), Notification of the Certification of Green Certificates for Renewable Energy and the System of Voluntary Subscription Trading (《關於試行可再生能源綠色電力證書核發及自願認購交易制度的通知》) issued by the NDRC and National Energy Administration in 2017. The Group has strictly complied with the relevant laws and regulations.

In 2017, the Group recorded annual electricity generation of 15,299 GWh, leading to an annual saving of 4.7 million tons of standard coal and reduction in carbon dioxide emissions of 12.39 million tons, which demonstrated that we have well performed our corporate mission and social responsibilities of energy conservation and emission reduction. During the course of production of green energy, the Group has made an effort to build a cleaning development mechanism, to promote the ecology environment protection. The Company organized and participated in various programmes and activities for biological protection, and won the respect from the local government and people in the place of business operation. For more details, please refer to the sections headed Management Discussion and Analysis, Human Resources and ESG Report.

V. PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property, plant and equipment of the Group as at 31 December 2017 are set out in Note 12 to the consolidated financial statements.

VI. SHARE CAPITAL

As at 31 December 2017, the total share capital of the Company was RMB7,273,701,000, divided into 7,273,701,000 shares with nominal value of RMB1.00 each. Details of the changes in share capital of the Company during the year ended 31 December 2017 are set out in Note 25 to the consolidated financial statements.

VII. PRE-EMPTIVE RIGHTS

As at 31 December 2017, there are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, which require the Company to offer new shares to existing shareholders in proportion to their shareholdings.

VIII. THE ISSUANCE OF DEBENTURES

On 10 May 2017, 26 May 2017, 27 June 2017, 13 July 2017 and 23 October 2017, the Company issued five tranches of short-term bonds with a par value of RMB100. The first, second and fifth issued short-term bonds amounted to RMB2,000.0 million for each, and the third and fourth issued short-term bonds amounted to RMB2,500.0 million for each. The net of issuance cost is RMB6.0 million. These bonds have annual effective interest rates ranging from 4.20% to 4.78%. The first, second, third, fourth and fifth issued short-term bonds have already matured in October 2017, June 2017, July 2017, January 2018 and April 2018, respectively. The proceeds from the issuance of the above bonds will be used to repay the borrowings of the Company, hence optimizing the financing structure of the Company.

IX. RESERVES

Changes in reserves of the Group and of the Company during the year are set out in Notes 27 and 38 to the consolidated financial statements.

X. DISTRIBUTABLE RESERVES

Pursuant to the Articles of Association, where there are differences between Accounting Standards for Business Enterprises of the PRC ("CAS") and International Financial Reporting Standards ("IFRSs"), the distributable reserves shall be the lesser of the amounts shown in the two different financial statements. As at 31 December 2017, the distributable reserves of the Company were approximately RMB523.02 million according to the Company's financial statements prepared in accordance with CAS (31 December 2016: RMB171.27 million).

XI. DISTRIBUTION PLAN AND POLICY FOR FINAL DIVIDEND

Final Dividend

The Board has proposed to distribute 2017 final dividend to the domestic and H shareholders (the"Shareholders") whose names appear on the register of members of the Company on the record date specified in the notice of 2017 annual general meeting to be published by the Company in due course, with a cash dividend of RMB0.018 (tax inclusive) per share (2016: RMB0.012). The 2017 final dividend to be distributed will be denominated and announced in RMB, of which domestic shareholders will be paid in RMB and H shareholders will be paid in HK dollars. The exchange rate of HK dollars will be calculated in accordance with the average of the median price published by PBOC of the five working days before the day the dividend distribution announcement is made. Such final dividend is expected to be distributed on 20 August 2018. The above profit distribution plan is subject to approval at the 2017 annual general meeting of the Company.

Withholding and Payment of Final Dividend Income Tax on behalf of Overseas Shareholders

Withholding and Payment of Enterprise Income Tax on behalf of Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Notice on the Issues Concerning Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation (國家稅務總局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes the final dividend to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of Hong Kong Securities Clearing Company Nominees Limited, but excluding any H Shares of the Company registered in the name of Hong Kong Securities Clearing Company Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee shareholder on behalf of investors who invest in the H Shares of the Company through Shanghai-Hong Kong Stock Connect).

Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholder

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, the Tax Notice (《稅收通知》), the Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H shareholder.

- For individual H shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the final dividend;

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the final dividend. If relevant individual H shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H shareholders in the distribution of the final dividend; and

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has 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 individual H shareholders in the distribution of the final dividend.

The Company will withhold payment of the enterprise income tax strictly in accordance with the relevant laws or requirements of the relevant government departments and based on the Company's register of members of H Shares on the record date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any disputes over the mechanism of withholding of enterprise income tax. The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the shareholders or any disputes over the mechanism of withholding.

XII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As at 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

XIII. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the amount of purchase from the five largest suppliers of the Company (as defined in the Listing Rules) in aggregate accounted for not more than 53.58% of that of the Company's total purchase for the year, in which, the purchase from the largest supplier in aggregate accounted for not more than 21.25% of the total purchase for the year.

For the year ended 31 December 2017, the amount of sales to the five largest customers of the Company (as defined in the Listing Rules) in aggregate accounted for not more than 59.22% of the Company's total sales for the year, in which, the amount of sales to the largest customer in aggregate accounted for not more than 29.76% of the total sales of the Company for the year. All of the five largest customers of the Company are subsidiaries of the State Grid Corporation of China.

To the best of the Directors' knowledge, none of the Directors, their close associates or shareholders of the Company (to the best of the Directors' knowledge, who holds more than 5% of the Company's issued capital) have any interest in the five largest suppliers or customers of the Company during the year.

The Group maintained stable development relationship with each of the suppliers and customers by keep communication with them via regular or irregular visits, telephone, email or other correspondence methods. The operation of the Group has not relied on any individual suppliers. All customers of the Group were the provincial grid companies where the companies under the Group operated in, and those grid companies were owned or controlled, directly or indirectly, by the government of the PRC, and would not have significant affect on the Group.

XIV. BANK LOANS AND OTHER BORROWINGS

The details of bank loans and other borrowings of the Group as at 31 December 2017 are set out in Note 24 to the consolidated financial statements.

XV. DONATIONS

As at 31 December 2017, the Company had no donations that should be reported.

XVI. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain information concerning the Directors, supervisors and senior management of the Company during the year and as at the date of this report:

Name	Position in the Company	Date of appointment
Directors		
Chen Feihu	Chairman of the Board and Non-executive Director	18 April 2017
Zhang Chunlei	Former Vice Chairman of the Board and executive Director	6 January 2015 (resigned on 27 June 2017)
Liu Guangming	Non-executive Director	30 June 2016
Liang Yongpan	Non-executive Director	30 June 2016
Liu Baojun	Non-executive Director	30 June 2016
Zhou Kewen	Vice Chairman of the Board and executive Director	27 June 2017
Jiao Jianqing	Executive Director	18 April 2017
Wang Yeping	Former Chairman of the Board and Non-executive Director	20 August 2013 (resigned as Chairman of the Board and Non-executive Director on 18 April 2017)
Hu Guodong	Former executive Director	27 December 2012 (resigned as Executive Director on 18 April 2017)
Liu Chaoan	Independent Non-executive Director	1 July 2010
Lo Mun Lam, Raymond	Independent Non-executive Director	20 August 2013
Yu Shunkun	Independent Non-executive Director	27 March 2015
Supervisors		
He Hua	Former Chairman of the Supervisory Committee	6 June 2014 (resigned on 27 June 2017)
Chen Weiqing	Former Employee Representative Supervisor	17 December 2015 (resigned on 27 June 2017)
Tong Guofu	Former Supervisor	10 October 2014 (resigned on 27 June 2017)
Huo Yuxia	Chairman of the Supervisory Committee	27 June 2017
Meng Lingbin	Former Employee Representative Supervisor	27 June 2017 (resigned on 19 March 2018)
Ding Yu	Supervisor	27 June 2017
Shang Yuansheng	Employee Representative Supervisor	19 March 2018

Name	Position in the Company	Date of appointment
Senior management		
Zhou Kewen	President	18 April 2017
Mi Keyan	Vice president	17 December 2015
Jiao Jianqing	Vice president	20 February 2014
Meng Lingbin	Vice president	1 July 2010
Chen Song	Chief accountant	20 February 2014
Zhao Zonglin	Vice president	9 December 2016
Bai Xuemei	Secretary of discipline inspection committee	14 December 2016
Liu Chundong	Chief engineer	14 December 2016
Jia Hong	Former Joint company secretary	17 March 2017 (resigned on 26 March 2018)
Cui Jian	Joint company secretary	26 March 2018

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 considers that each of the independent non-executive Directors is independent from the Company.

XVII. CHANGE OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, according to the requirement of Rule 13.51B(1) of the Listing Rules, the changes in information of Directors and Supervisors of the Company are set out as follows:

- Mr. Chen Feihu was appointed as chairman of the Board and a non-executive Director of the Company on 18 April 2017.
- Mr. Jiao Jianqing was appointed as an executive Director of the Company on 18 April 2017.
- Mr. Zhou Kewen was appointed as Vice Chairman of the Board and an executive Director of the Company on 27 June 2017.
- Mr. Wang Yeping resigned as chairman of the Board and non-executive Director of the Company on 18 April 2017 due to retirement.
- Mr. Hu Guodong resigned as executive Director of the Company on 18 April 2017 due to work arrangement.
- Mr. Zhang Chunlei resigned as executive Director of the Company on 27 June 2017 due to work arrangement.
- Mr. He Hua resigned as Chairman of the Supervisory Committee of the Company on 27 June 2017 due to work arrangement.
- Mr. Tong Guofu resigned as Supervisor of the Company on 27 June 2017 due to work arrangement.

- Mr. Chen Weiqing resigned as Employee Representative Supervisor of the Company on 27 June 2017 due to work arrangement.
- Ms. Huo Yuxia was appointed as Chairman of the Supervisory Committee of the Company on 27 June 2017.
- Ms. Ding Yu was appointed as Supervisor of the Company on 27 June 2017.
- Mr. Meng Lingbin was appointed as Employee Representative Supervisor of the Company on 27 June 2017, and resigned as Employee Representative Supervisor of the Company on 19 March 2018 due to work adjustment.
- Mr. Shang Yuansheng was appointed as Employee Representative Supervisor of the Company on 19 March 2018.
- Mr. Jia Hong was appointed as joint company secretary of the Company on 17 March 2017, and resigned as joint company secretary of the Company on 26 March 2018 due to work adjustment.
- Mr. Cui Jian was appointed as joint company secretary of the Company on 26 March 2018.

Details of the above changes of Directors and Supervisors of the Company are set out in the announcements of the Company dated 18 April 2017, 27 June 2017 and 19 March 2018.

XVIII. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 103 to 112 of this annual report.

XIX. SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the directors. The principal particulars of such service contracts including: (1) for a term of three years commencing from the date of appointment; and (2) are subject to termination in accordance with their respective terms.

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

Save as disclosed above, none of the directors or supervisors has entered into a service contract with the Company which is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

XX. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the directors, supervisors and senior management are set out in Note 11 to the consolidated financial statements.

XXI. INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

As at 31 December 2017, no transaction, arrangement or contract of significance to which the Company was involved in its establishment either directly or indirectly, in which a director or supervisor had material interests, and with which the Company's business is connected, subsisted during the year or at the end of the year.

XXII. INSURANCE OF DIRECTORS

The Company did not purchase insurance for Directors from 1 January 2017 to the date of this annual report.

XXIII. SIGNIFICANT SUBSEQUENT EVENT

There was no any significant subsequent event occurred from 1 January 2017 to the date of this annual report.

XXIV. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at 31 December 2017, save as disclosed below, none of the directors or their close associates had any competing interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

Name of Director	Position in the Company	Other Interests
Mr. Chen Feihu	Chairman of the Board and Non-executive Director	Vice Chairman and General Manager of Datang Corporation
Mr. Liu Guangming	Non-executive Director	Director of Capital Operation and Property Management Department of Datang Corporation/ Director of Guangxi Guiguan Electric Power Co., Ltd. (廣西桂冠電力股份有限公司), Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) and Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司)
Mr. Liang Yongpan	Non-executive Director	Director of Operation Safety Department of Datang Corporation
Mr. Liu Baojun	Non-executive Director	Vice General Manager of Datang Jilin

XXV. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, none of the directors, supervisors or senior management of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 recorded in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") stated in Appendix 10 of the Listing Rules.

XXVI. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2017, to the best of the Directors' knowledge after having made all reasonable enquiries, the following persons (other than the directors, senior management 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 shareholders	Class of shares	Capacity	No. of shares/ underlying shares held	Percentage of the relevant class of share capital	Percentage of the total share capital
Datang Corporation *(Note)*	Domestic shares	Beneficial owner and interest of a controlled corporation	4,772,629,900 (Long position)	100%	65.61%
Datang Jilin *(Note)*	Domestic shares	Beneficial owner	599,374,505 (Long position)	12.56%	8.24%
The National Council for Social Security Fund	H shares	Beneficial owner	214,261,000 (Long position)	8.57%	2.95%

Note: Datang Corporation directly holds 4,173,255,395 domestic shares. As Datang Jilin is a wholly-owned subsidiary of Datang Corporation, Datang Corporation is deemed to hold the 599,374,505 domestic shares held by Datang Jilin, thus, Datang Corporation, directly and indirectly, holds 4,772,629,900 domestic shares in total.

XXVII. MANAGEMENT CONTRACTS

As at and during the year ended 31 December 2017, 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 any such contract subsisted.

XXVIII. CONNECTED TRANSACTIONS

Major connected transactions of the Group during 2017 are as follows:

(I) Non-exempt one-off connected transaction

The Group has entered into one non-exempt one-off connected transaction during the year.

Establishment of JV Company

On 21 April 2017, Datang Renewables (H.K.), Datang Corporation, Datang International (Hong Kong) Limited ("Datang International (Hong Kong)") and China Datang Overseas (Hong Kong) Co., Ltd. ("Datang Overseas (Hong Kong)") entered into the Joint Venture Agreement in relation to the establishment of JV Company with the joint contribution amount of USD10 million. In particular, Datang Renewables (H.K.) contributed USD1.5 million in cash, representing 15% of the registered capital; Datang Corporation contributed USD4 million in cash, representing 40% of the registered capital; Datang International (Hong Kong) contributed USD3 million in cash, representing 30% of the registered capital; and Datang Overseas (Hong Kong) contributed USD1.5 million in cash, representing 15% of the registered capital (The amount of capital contribution under the Joint Venture Agreement is determined after arm's length negotiation among the parties with reference to the estimated capital requirement of the JV Company). The JV Company was incorporated in Hong Kong with limited liability. Its scope of business included but not limited to international trade, management of and services for companies listed in Hong Kong which are held by Datang Corporation, financing services, capital operation, information exchange and other businesses to be operated with the authorisation of the board. JV Company is proposed to be set with a board of directors consisting of seven directors. The quota allocation of directors shall be determined by the parties through negotiations with reference to their proportions of capital contribution. Datang Renewables (H.K.) is proposed to appoint one director, Datang Corporation is proposed to appoint three directors, Datang International (Hong Kong) is proposed to appoint two directors and Datang Overseas (Hong Kong) is proposed to appoint one director. The board of directors is proposed to have one chairman to be recommended by Datang Corporation. The terms of the Joint Venture Agreement were entered into after arm's length negotiations by the parties. The terms of the Joint Venture Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole. The participation in the establishment of JV Company facilitates the Company to enhance the strategy of "the Belt and Road" and its market value management relying on Datang Corporation, the controlling shareholder of the Company, obtain funds for merger and acquisition of overseas projects at low costs and strengthen the communication with relevant regulators in Hong Kong.

JV Company is held as to 15%, 40%, 30% and 15% by Datang Renewables (H.K.), Datang Corporation, Datang International (Hong Kong) and Datang Overseas (Hong Kong), respectively. Datang Renewables (H.K.) is a wholly-owned subsidiary of the Company. As Datang Corporation directly and indirectly holds approximately 65.61% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules. As Datang Internatinonal Power Generation Co., Ltd. (大唐國際發電有限公司) is a subsidiary of Datang Corporation and China Datang Overseas Investment Co., Ltd. (中國大唐集團海外投資有限公司) is a wholly-owned subsidiary of Datang Corporation, and Datang International (Hong Kong) and Datang Overseas (Hong Kong) are wholly-owned subsidiaries of Datang International Power Generation Co., Ltd. and China Datang Overseas Investment Co., Ltd., respectively, Datang Corporation, Datang International (Hong Kong) and Datang Overseas (Hong Kong) are connected persons of the Company.

(II) Non-exempt Continuing Connected transactions

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

In terms of the non-exempt continuing connected transactions of categories 1 and 2 as stated below, their respective annual caps for 2017–2018 were approved at the 2015 second extraordinary general meeting of the Company held on 18 December 2015. In terms of the non-exempt continuing connected transactions of category 3 as stated below, their respective annual caps for 2017–2018 were approved at the 2012 first extraordinary general meeting held on 27 December 2012. In terms of the non-exempt continuing connected transactions of categories 4 and 5 as stated below, their respective annual caps for 2017 were approved at the 2014 annual general meeting held on 30 June 2015. In terms of the non-exempt continuing connected transactions of category 6 as stated below, their respective annual caps for 2017–2018 were approved at the 2015 first extraordinary general meeting held on 27 March 2015. In terms of the non-exempt continuing connected transactions of category 7 as stated below, their respective annual caps for 2017 were approved at the 2015 second extraordinary general meeting held on 18 December 2015.

The table below sets out the annual caps and the actual transaction amount of such connected transactions for 2017:

Connected Transaction	Connected Person	Annual Cap for 2017	Actual Transaction Amount for 2017
1. Provision of products and services by the Group	Datang Corporation	RMB60 million	RMB2.38 million
2. Provision of products and services to the Group	Datang Corporation	RMB3,600 million	RMB412.42 million
3. Provision of financial assistance to the Group	KEPCO International Hong Kong Ltd. (KEPCO Hong Kong)	Principle balance of borrowing: USD6.80 million Payment of interest: USD0.70 million	Principle balance of borrowing: USD6.79 million Payment of interest: USD0.53 million
4. Provision of financial services to the Group – Cash depository service	Datang Finance	Daily Cap for deposits: RMB1,000 million	Highest daily deposits: RMB989.78 million
5. Provision of financial services to the Group – Financial leasing service	Datang Financial Leasing	Annual cap of financial leasing amount of the Group from Datang Financial Leasing: RMB4,500 million Annual cap of financial leasing amount of Datang Financial Leasing from the Group: RMB250 million	The actual amount of the Group from Datang Financial Leasing: Nil The actual amount of Datang Financial Leasing from the Group: RMB40 million
6. Provision of operation and management services to the Group	Datang Jilin	RMB5 million	Nil
7. Provision of financial services to the Group – Financial leasing service	Shanghai Leasing Company	Annual cap of equipment sold to Shanghai Leasing Company by the Group: RMB2,000 million Annual cap of equipment sold to the Group by Shanghai Leasing Company: RMB150 million	The actual amount of equipment sold to Shanghai Leasing Company by the Group: Nil The actual amount of equipment sold to the Group by Shanghai Leasing Company: Nil

1. *Provision of products and services by the Group*

As the framework agreement on mutual supply of raw materials, products and services entered into between the Group and Datang Corporation on 6 November 2012 has expired on 31 December 2015, the Company renewed the Datang framework agreement on 12 October 2015 (the "Datang Framework Agreement") in relation to provision of products and services to Datang Corporation by the Group for a term of three years from 1 January 2016. Pursuant to the agreement, the Group provides, among others, spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and Clean Development Mechanism ("CDM")-related services to Datang Corporation.

Principal terms of the agreement are set out as follows:

- the goods to be mutually supplied by each party include: spare parts, accessories, equipment, water, power, gas, heat, raw materials, fuels and minerals, etc.;

- the services to be mutually supplied by each party include: design consulting services, maintenance services, technical consulting services, construction services, operation management services, CDM consulting services, bidding agency services, logistics services, communication services, property services and other related or similar services;

- if the terms and conditions of similar products and services offered by an independent third party are no better than those offered by one party, the other party shall give priority in sourcing the requisite products and services from such party of the agreement;

- relevant subsidiaries or associated companies of both parties will enter into individual contracts which shall set out the specific scope of services and/or products, terms and conditions of providing such services and/or products according to the principles laid down by the Datang Framework Agreement;

- the pricing of the agreed products will be determined based on the following mechanism: (1) government authorities (such as the National Development and Reform Commission) may from time to time publish prescribed prices or guidance prices on the agreed products, where such prescribed price or guidance price is available, such price will be adopted for the agreed products; (2) where a government-prescribed price or guidance price is not available, a market price as determined through a bidding process will be adopted. The bidding process will adhere to the relevant laws and regulations including the *Bidding Law of the People's Republic of China*; and (3) where a bidding process is impractical, the price will be determined through arm's length negotiation process between the relevant parties, in such case, the Company would make reference to the historical prices and price trends of the relevant products and ensure that such price would be fair and reasonable to the Company based on the principle of cost plus a reasonable profit. A profit is considered to be reasonable if it would fall within the budget of the Company and allow the Company to meet its profit targets;

- the pricing of the agreed services will be determined based on the following pricing mechanism: (1) prices will be determined through a bidding process. The bidding process will adhere to the relevant laws and regulations including the *Bidding Law of the People's Republic of China*; and (2) where a bidding process is impractical, the price will be determined through arm's length negotiation process between the relevant parties, in such case, the Company would make reference to the historical prices and price trends of the relevant services and ensure that such price would be fair and reasonable to the Company based on the principle of cost plus a reasonable profit. A profit is considered to be reasonable if it would fall within the budget of the Company and allow the Company to meet its profit targets; and

- the agreement is for a term of three years commencing on 1 January 2016 and ending on 31 December 2018. Either party may terminate the agreement upon giving the other party an at least three-month prior written notice.

As Datang Corporation directly and indirectly holds approximately 65.61% 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.

During the reporting period, the annual cap of this continuing connected transaction for 2017 was RMB60 million and the actual transaction amount was RMB2.38 million.

2. *Provision of products and services to the Group*

As the Datang Framework agreement on mutual supply of raw materials, products and services entered into between the Group and Datang Corporation on 6 November 2012 has expired on 31 December 2015, the Company renewed the Datang Framework agreement with Datang Corporation on 12 October 2015 in relation to provision of products and services to the Group by Datang Corporation for a term of three years commencing on 1 January 2016. Pursuant to the agreement, Datang Corporation should provide spare parts, accessories, equipment, technical consulting services, maintenance services, construction services, operation management services, bidding agency services and CDM-related services to the Group.

Please refer to item 1 of relevant disclosure of non-exempt continuing connected transaction above for principal terms and conditions of the agreement.

During the reporting period, the annual cap of this continuing connected transaction for 2017 was RMB3,600 million and the actual transaction amount was RMB412.42 million.

3. *Provision of financial assistance by KEPCO Hong Kong to the Group*

3.1 Datang (Chifeng) Renewable Power Co., Limited (大唐(赤峰)新能源有限公司) entered into a loan agreement (as amended by the supplemental agreement dated 6 November 2012) with KEPCO International Hong Kong Ltd. ("KEPCO Hong Kong") on 22 November 2010 ("KEPCO Loan Agreement"). KEPCO Hong Kong is a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation, the largest Korean power company listed on the Korea Exchange (Stock Code: 015760) and the New York Stock Exchange (Stock Code: KEP). Pursuant to the KEPCO Loan Agreement, KEPCO Hong Kong granted a loan facility to Datang (Chifeng) Renewable Power Co., Limited. The loan was for a term of three years and was expired on 21 November 2013.

3.2 Datang (Chifeng) Renewable Power Co., Limited entered into a supplementary loan agreement ("KEPCO Supplementary Loan Agreement") with KEPCO Hong Kong on 6 November 2012, pursuant to which, KEPCO Hong Kong granted a loan facility to Datang (Chifeng) Renewable Power Co., Limited.

Principal terms of the agreement are set out as follows:

- KEPCO Hong Kong granted to Datang (Chifeng) Renewable Power Co., Limited a loan facility to finance the construction and development of wind farms. As at 6 November 2012, the outstanding principal of the loan facility was USD40.57 million;

- the KEPCO Loan Agreement may be terminated if the borrower constitutes material breach under the agreement, which includes: failure of the borrower to pay any amount payable on due date, any representation or warranty from the borrower found to be inaccurate in any material aspect, failure to perform on the date of such representation or warranty or breach of any other provisions under the agreement which is irremediable or otherwise has not been remedied within thirty days;

- the principal of the loan facility is repayable in 12 equal instalments every six months commencing in 2013 and ending in 2018;

- the term for the loan facility is from 6 November 2012 to 18 September 2018;

- the loan is repayable every six months and the interest rates charged by KEPCO Hong Kong are 10% lower than the benchmark interest rates set by PBOC on each interest determination date;

- Datang (Chifeng) Renewable Power Co., Limited can make full and partial early repayment of the loan without any penalty; and

- the loan was secured by pledges of insurance policies, wind turbines and the tariff collection right of Datang (Chifeng) Renewable Power Co., Limited.

KEPCO Hong Kong is an associate of Neimenggu KEPCO International Limited (a Hong Kong registered company focusing on project investment and a subsidiary of Korea Electric Power Corporation) which, in turn, is the substantial shareholder of our subsidiary Datang (Chifeng) Renewable Power Co., Limited by virtue of its shareholdings of 40% therein. Therefore, KEPCO Hong Kong will be deemed to be a connected person of the Company under Chapter 14A of the Listing Rules.

During the reporting period, the annual cap of closing balance of the principal of this continuing connected transaction for 2017 was USD6.80 million. The annual cap of accrued interests was USD0.70 million. The actual closing balance of the principal as at the end of the year was USD6.79 million and the actual interests paid for the year was USD0.53 million.

4. *Provision of financial services by Datang Finance to the Group*

The financial services agreement entered into by and between the Company and Datang Finance on 20 January 2014 expired on 31 December 2014. The financial services agreement (the "Financial Services Agreement") was renewed on 27 March 2015, pursuant to which Datang Finance would provide financial services for the Group. The term for the agreement is from the date of signing the agreement to 31 December 2017. According to this agreement, Datang Finance provides the Group with loan services, 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 financing consultation services, financial consultation and training services, and provide the Company with underwriting services, guarantee trust services and insurance agent services concerning the issuance of bonds.

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

- Datang Finance shall ensure the stable operation of fund management system to safeguard the fund, and to control the asset liability risk so as to satisfy the payments needs of the Group.

- In respect of the provision of the loan services under the Financial Services Agreement, Datang Finance will grant integrated credit facilities of RMB4 billion to the Group for the years ending 31 December 2015, 2016 and 2017, respectively.

- In respect of the provision of the deposit services under the Financial Services Agreement, the amount of the highest daily deposit balance (including any interest accrued thereon) for the Group's deposits with Datang Finance shall be RMB1 billion for the years ended 31 December 2015, 2016 and 2017, respectively.

- The term of the Financial Services Agreement shall commence from 27 March 2015 and end on 31 December 2017.

Datang Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles: (1) the benchmark deposit interest rates prescribed for same type of deposits of the same period and announced by the PBOC; and (2) deposit interest rates with same type of deposits of the same period provided by main independent commercial banks to the Group.

As Datang Corporation directly and indirectly holds approximately 65.61% 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. Datang Finance is a subsidiary of Datang Corporation, and is therefore a connected person of the Company.

During the reporting period, the annual cap of the daily deposit balance of deposit service of this continuing connected transaction for 2017 was RMB1,000 million and the actual maximum amount of daily deposit balance was RMB989.78 million.

Since the financial service agreement and the annual cap expired on 31 December 2017, the Company and Datang Finance renewed the financial service agreement on 12 May 2017, and determined the annual caps for the three years ended 31 December 2018, 2019 and 2020, which were approved at the annual general meeting of 2016 of the Company held on 27 June 2017.

5. *Provision of finance lease services by Datang Financial Leasing to the Group*

As the finance lease framework agreement entered into between the Company and Datang Financial Leasing on 9 May 2013 expired on 31 December 2014, the Company renewed the finance lease framework agreement (the "Finance Lease Framework Agreement") with Datang Financial Leasing on 27 March 2015 in relation to the provision of financial leasing services to the Group by Datang Financial Leasing for a term commencing from the date of entering into the agreement and ending on 31 December 2017. With respect to each finance lease, the relevant lessor and lessee will enter into separate written contract(s) subject to the provisions of the Datang Finance Lease Framework Agreement.

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

- the term for Datang Finance Lease Framework Agreement is from the date of agreement to 31 December 2017;

- the lease methods include sale and leaseback pursuant to which the lessor shall purchase from the lessee the leasing equipment which will be directly leased back to the lessee by the lessor; and finance lease arrangement involving leasing of leasing equipment newly acquired by the lessor as per the requirements of the lessee;

- the lease period for each finance lease will be determined by the following factors, including but not limited to, the useful life of the relevant leasing equipment, the financial needs of the lessee and the funding availability of the lessor, which in general should not exceed the useful life of such leasing equipment;

- the lease payments charged by the lessor will include the purchase price or the value of the leasing equipment and interest thereon charged on terms no less favourable to the lessee than those offered by independent third parties and at a rate determined by reference to the benchmark lending rates published by PBOC from time to time or, if no such rate is available, by reference to, among other factors, the rate charged by the other major financial institutions for the same or similar types of services;

- a one-off non-refundable handling fee may be charged on terms no less favourable to the lessee than those offered by independent third parties by the lessor and payable by the lessee when separate written contract(s) under the agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for this kind of services from time to time, and will be set out in the relevant written contract(s);

- the legal title and all rights of the leasing equipment shall vest to the lessor throughout the lease period; and

- subject to the lessee having performed all its obligations under, and upon the expiry of the lease period of the separate written contract(s) under the Datang Finance Lease Framework Agreement, the lessee shall have an option to purchase the relevant leasing equipment at a nominal price.

Datang is a controlling shareholder of the Company (as defined under the Listing Rules), which together with its subsidiaries directly and indirectly holds approximately 65.61% of the issued share capital of the Company. Therefore, Datang is a connected person of the Company. Datang Finance Lease is a subsidiary of Datang Corporation. Accordingly, Datang Finance Lease is also a connected person of the Company.

In determining the annual caps, the Company has considered, among other things: (1) historical amount for the year ended 31 December 2014; (2) current conditions in financing market (including interest level and the level of similar services provided by independent third parties) and the possibility of future adjustment on the three-year term annual loan interests denominated in RMB by PBOC; (3) historical cash flow, constantly increasing financing needs and future development prospects of the Group for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014; (4) the useful lives of leasing assets; (5) further improvement of the business relationship between the Group and Datang Finance Lease as well as the constantly increasing financing needs of the Group; and (6) the natures and value amounts of the assets of finance lease of the Group.

Within the reporting period, in regards to the continuing connected transaction, the annual cap of financial leasing of the Group from Datang Financial Leasing was RMB4,500 million in 2017, and the annual cap of financial leasing amount of Datang Financial Leasing from the Group was RMB250 million in 2017. However, the actual transaction amount regarding the financial leasing of the Group from Datang Financial Leasing was nil and that of Datang Financial Leasing from the Group was RMB40 million.

Since the Finance Lease Framework Agreement and the annual cap expired on 31 December 2017, the Company and Datang Financial Leasing renewed the CDC Finance Lease Framework Agreement on 29 September 2017, and determined the annual caps for the three years ended 31 December 2018, 2019 and 2020, which were approved at the second extraordinary general meeting of 2017 of the Company held on 22 November 2017.

6. *Provision of operation and management services by Datang Jilin to the Group*

The Company and Datang Jilin entered into the operation and management service agreement (the "Operation and Management Service Agreement") on 4 December 2014. According to the agreement, Datang Jilin provides the operation and management services regarding: (1) operation and assessment management services for early-stage matters, investment and stock assets of the project companies; (2) management services for human resources, financial management and assets management of the project companies; (3) management services for material affairs of the project companies; (4) services for safety production of the project companies; and (5) other operation and management services (if applicable) as authorized by the board of the project companies.

Principal terms of the agreement are set out as follows:

- the term of the Operation and Management Service Agreement shall commence from the date on which the approval is obtained from independent shareholders and end on 31 December 2017;

- in terms of the service fee (1) where, for each year during 2015–2017, all annual total net profits of the project companies (excluding the factor of an increase in profits caused by a decrease in finance costs of the project companies) exceed the average total net profits of all project companies for the preceding three years (i.e. 2012–2014), Datang Jilin shall be entitled to 10% of the above-said excess part as the service fee for the provision of operation and management services for such year but such service fee shall not exceed RMB5 million; or (2) where, for each year during 2015–2017, annual total net profits of all project companies (excluding the factor of an increase in profits caused by a decrease in finance costs of the project companies) do not reach the average net profits for the three years preceding (i.e. 2012–2014), Datang Jilin shall be entitled to a service fee for the provision of operation and management services of RMB500,000 for such year provided that Datang Jilin has made its best efforts to perform the obligations under the agreement and fulfill all terms thereunder;

- the Company's rights and obligations are given as follows: (1) To be provided with relevant services under the agreement. (2) To be entitled to dispose of its equity interests and assets in the project companies. (3) To be entitled to supervise the operation and management of Datang Jilin through the board of the project companies. If Datang Jilin conducts any activity that may affect the image or operation of the Company, or may infringe the legal rights and interests of the Company, the Company shall have the right to prohibit such activity and terminate the provision of operation and management services provided by Datang Jilin. (4) To perform each of the obligations under the agreement in accordance with the agreement. (5) To respect, support and assist Datang Jilin in conducting the normal operation and management services as stated in the agreement. (6) (as a professional company) To fully make use of its advantages and provide management services for the safety production of Datang Jilin. (7) To accommodate Datang Jilin in developing the early-stage work for the wind power project in Jilin area. (8) (as the commissioning party for management services) To take an important role in supporting professional technology management, which mainly includes improvement and measures on technology, management on fixed amount for checking and repairing, etc.. (9) To draft, negotiate and sign the newly created Articles of Association of the Company and to approve relevant agreements. (10) To be responsible for the management of the general meeting, board of directors and supervisory board ("three meetings") of the project companies and the standardization of the operation of the "three meetings" of the project companies at its sole discretion in order to coordinate the relationship between shareholders. (11) To supervise the connected transactions, external guarantees, entrusted loans, substantial external investments of the project companies;

- the rights and obligations of Datang Jilin are given as follows: (1) To collect the service fee for the provision of operation and management as stipulated in the agreement. (2) To coordinate relevant local governmental authorities and relevant enterprises, such as power grid companies. (3) Except for the operation and management services as stipulated in the agreement, Datang Jilin shall not participate in any wind power-related investment activity within Jilin area. If Datang Jilin has the opportunity to engage in any new wind power related business within Jilin area, it shall refer such new business opportunity to the Company. (4) To be responsible for the engineering construction of the project companies. (5) To implement the annual early-stage plan on the wind power project of the project companies and the service fee plan thereof. (6) To be responsible for the daily operation and management of the project companies, implement the production and operation plan phase by phase, investment plan for large-to-medium scale infrastructure, financial budget and plans on technology improvement, checking and repairing, maintenance, small-scale infrastructure and the implementation of informationalized construction. To bear the liability arised from safety and environmental accidents. (7) To be fully responsible for the planning and management of the operation of the project companies and responsible for the planning and management of the wind power capacity of the project companies and to secure wind power generation plans from regional power grid companies. (8) To be fully responsible for the human resources management, such as key personnel management, departments setting, allocation of human resources, labor disputes and remuneration and social insurance of the project companies. All key personnel, employees and retired employees of the project companies shall be managed by Datang Jilin. Datang Jilin shall be responsible for the reasonable allocation of human resources of the project companies in the area. (9) To be fully responsible for the financial management, preparation and implementation of financial budget and financial accounts of the project companies. To supervise and procure the project companies to submit financial statements to the Company on a monthly basis within the designated timeframe. (10) To be responsible for the safety production management of the project companies and bear the liability on safety and environmental issues for the project companies in accordance with relevant requirements on safety production management and environment protection supervision as required by the state and group companies. (11) (as to matters such as connected transactions, external guarantees, entrusted loans and substantial external investments) To be responsible for formulating proposals according to the Articles of Association of the project companies, the regulatory laws and regulations for listing and relevant regulations of the Company, and reporting to the Company for relevant decision-making procedures, which shall be executed upon approval. (12) Any litigation and arbitration against the project companies arising from various disputes shall be reported to Datang Jilin immediately according to the relevant rules of Datang Jilin and relevant works of such litigation and arbitration shall be handled and undertaken according to the rules of Datang Jilin, and the progress shall be reported to the Company simultaneously. Any losses incurred due to the negligence of Datang Jilin shall be borne by Datang Jilin; and

- if either party violates any term of the agreement (hereinafter the "Defaulting Party"), the other party (hereinafter the "Observant Party") can notify it in written form about the breach, and require the Defaulting Party to remedy the breach within a reasonable term. If the Defaulting Party fails to make any remedy for the breach within the above term, the observant party shall be entitled to terminate the agreement immediately.

The annual caps are determined after arm's length negotiations between the Company and Datang Jilin with reference to the average total net profits of the project companies for the past three years (i.e. 2012 to 2014).

Datang Jilin is a wholly-owned subsidiary of Datang Corporation. As Datang Corporation is a controlling shareholder of the Company, Datang Jilin, being the second largest shareholder of the Company, as well as a subsidiary of Datang Corporation, is a connected person to the Company.

Within the reporting period, the annual cap of the continuing connected transaction for 2017 was RMB5 million, and the actual transaction amount was nil.

7. *Provision of finance leasing services by Shanghai Leasing Company to the Group*

On 12 October 2015, the Company entered into the finance lease framework agreement ("Finance Lease Framework Agreement") with Shanghai Leasing Company for a term from 1 January 2016 to 31 December 2017. Pursuant to this agreement, Shanghai Leasing Company will provide lease or sale and lease-back of turbines to the Company.

The major terms and conditions of the Finance Lease Framework Agreement are set out below:

- term of the Finance Lease Framework Agreement is from 1 January 2016 to 31 December 2017;

- the lease methods include (1) sale and lease-back pursuant to which the lessor shall purchase from the lessee the leasing equipment which will be directly leased back to the lessee by the lessor; and (2) direct finance lease arrangement involving leasing of leasing equipment newly acquired by the lessor as per the specifications and requirements of the lessee;

- the lease period for each finance lease will be determined by taking into account, inter alia, the useful life of the relevant leasing equipment, the financial needs of the lessee and the funding availability of the lessor, which in general shall not exceed the useful life of such leasing equipment;

- the lease payments charged by the lessor will include the purchase price (in the case of direct leasing) or the value of the leasing equipment (in the case of sale and lease-back) and the interest thereon charged on terms no less favourable to the lessee than those offered by independent third parties and at a rate which shall be determined by reference to the benchmark lending rates published by PBOC from time to time, or, if no such rate is available, by reference to, among others, the rate charged by the other major financial institutions for the same or similar types of services;

- a one-off non-refundable handling fee may be charged by the lessor on terms no less favourable to the lessee than those offered by independent third parties to the lessee when separate written contract(s) under the Agreement is entered into and at a rate determined by reference to, among others, the rate charged by the other major financial institutions in relation to finance leasing of the same or similar types of assets, or if available, the applicable rates published by PBOC for these kinds of services from time to time, and will be set out in the relevant written contract(s);

- the legal ownership and all rights of the leasing equipment will be held by the lessor throughout the lease period; and

- in respect of the sale and lease back arrangement, subject to the lessee having performed all its obligations under, and upon the expiry of the lease period of the separate written contract(s) under the Finance Lease Framework Agreement, the Lessee shall have an option to purchase the relevant Leasing Equipment at a nominal price.

Datang Finance Leasing, Datang Corporation, China Datang Overseas (Hong Kong) Co., Ltd. and China Datang Group Capital Controlling Co., Ltd. respectively hold 35%, 30%, 25% and 10% of interests in Shanghai Leasing Company. Since Datang Corporation directly and indirectly holds approximately 65.61% of total issued share capital of the Company and Shanghai Leasing Company is a subsidiary indirectly-owned by Datang Corporation, Shanghai Leasing Company is a connected person of the Company.

In determining the annual caps, the Company has considered, among other things: (1) current conditions in financing market (including interest level and the level of similar services provided by independent third parties) and the possibility of future adjustment on the annual loan interests denominated in RMB by PBOC; (2) historical cash flow for the three years ended 31 December 2012, 31 December 2013 and 31 December 2014; (3) constantly increasing financing needs and future development prospects of the Group; (4) the useful life of leasing equipment; (5) further improvement of the business relationship between the Group and Shanghai Leasing Company as well as the constantly increasing financing needs of the Group; and (6) the nature and value of the leasing equipment.

During the reporting period, with regard to such continuing connected transaction, annual cap of equipment sold to Shanghai Leasing Company by the Group for 2017 was RMB2,000 million; annual cap of equipment sold to the Group by Shanghai Leasing Company for 2017 was RMB150 million. In 2017, the actual transaction amount of equipment sold to Shanghai Leasing Company by the Group was nil; the actual transaction amount of equipment sold to the Group by Shanghai Leasing Company was nil.

Since the finance lease framework agreement and the annual cap expired on 31 December 2017, the Company and Shanghai Leasing Company renewed the Shanghai Finance Lease Framework Agreement on 29 September 2017, and determined the annual caps for the three years ended 31 December 2018, 2019 and 2020, which were approved at the second extraordinary general meeting of 2017 of the Company held on 22 November 2017.

The independent non-executive Directors of the Company have reviewed each of the above mentioned continuing connected transactions and confirmed that the transactions and the proposed annual caps have been:

(1) generated from the ordinary business operation, and would facilitate the normal development of the business and bring about certain benefit for the Company;

(2) in accordance with normal commercial terms, being fair and reasonable; and

(3) in the interests of the Company and its shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the auditors of the Company to perform certain procedures in accordance with the 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 auditors have reported their conclusion to the Board, stating that:

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

(2) For transactions involving the provision of goods or services by the Group, nothing has come to the auditors' attention that causes the auditors 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 auditors' attention that causes the auditors 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 set out above, nothing has come to the auditors' attention that causes the auditors to believe that the disclosed continuing connected transactions have exceeded the maximum annual caps of each of the above disclosed continuing connected transactions set by the Company.

Please refer to Note 28 to the consolidated financial statements prepared in accordance with the International Financial Reporting Standards for details of the significant related party transactions entered into by the Group during the reporting period. The connected transactions and continuing connected transactions pursuant to the requirements of Listing Rules are set out in this section. Save as the above mentioned connected transactions disclosed in the report, none of the related party transactions as disclosed in Note 28 to the consolidated financial statements constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules which were required to comply with the disclosure requirements under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

XXIX. COMPLIANCE WITH NON-COMPETITION AGREEMENT

The Company entered into the Non-Competition Agreement with Datang Corporation on 30 July 2010. Under the agreement, Datang Corporation has undertaken to the Company that except in certain limited circumstances, for so long as the agreement remains effective, it shall not, and shall procure its associates (excluding the Company) not to, directly or indirectly and in whatever manner, engage, participate or be interested in, or provide support to, any business or activity which competes or is likely to compete with wind, solar and biomass power business of the Company. Datang Corporation has also granted the Company an option and pre-emptive right to acquire certain interests retained by Datang Corporation following the reorganization and certain future businesses.

Pursuant to the agreement, the independent non-executive Directors of the Company are responsible for reviewing and considering whether or not to exercise such options and preemptive rights and are entitled, on behalf of the Company, to review the implementation of the undertakings under the agreement on an annual basis. During the year, the independent non-executive Directors of the Company have reviewed the implementation of the Non-Competition Agreement and confirmed that Datang Corporation has been in full compliance with the agreement and there was no breach by Datang Corporation.

XXX. RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Company's retirement and employees benefit scheme are set out in Note 6 to the consolidated financial statements.

XXXI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Main Board of the Hong Kong Stock Exchange, the Company strives to maintain a high standard of corporate governance practices. Save as disclosed in this report, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 58 to 79 of this annual report for details.

XXXII. 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 publication of this annual report, which was in compliance with the requirements under the Listing Rules.

XXXIII. MATERIAL LITIGATION

As at 31 December 2017, the Group was not involved in any material litigation or arbitration. So far as the Directors are aware, no such litigation or claims are pending or threatened against the Group.

XXXIV. AUDIT COMMITTEE

The Company's 2017 annual results and the financial statements for the year ended 31 December 2017 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Board of the Company.

XXXV. AUDITORS

On 30 June 2015, Ernst & Young Hua Ming LLP and Ernst & Young were appointed as the domestic and overseas auditors respectively for 2015 of the Company at the annual general meeting of 2014 of the Company, with a term until the annual general meeting of 2015 of the Company.

On 30 June 2016, Ernst & Young Hua Ming LLP and Ernst & Young were appointed as the domestic and overseas auditors respectively for 2016 of the Company at the annual general meeting of 2015 of the Company, and were re-appointed at the 2016 annual general meeting, with a term until the annual general meeting of 2016 of the Company.

On 27 June 2017, Ernst & Young Hua Ming LLP and Ernst & Young were re-appointed as the domestic and the overseas auditors respectively for 2017 of the Company at the annual general meeting of 2016 of the Company, with a term until the forthcoming annual general meeting.

XXXVI. FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 8 to 9 of this annual report.

XXXVII. CHANGES IN ACCOUNTING POLICIES

Details of the changes in accounting policies are set out in Note 2.2 to the consolidated financial statements.

XXXVIII. MATERIAL CONTRACTS

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

Corporate Governance Report

I. CORPORATE GOVERNANCE PRACTICES

The Company has always been committed to improving corporate governance since its establishment. According to provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Listing Rules, it has established a modern corporate governance structure comprised of a number of independently operated bodies including the general meeting, the Board, the supervisory committee and the senior management in order to provide an effective check and balance. The Company has also adopted the Code as its own corporate governance practices. As of 31 December 2017, the Company was not involved in any material litigation liable by any Director. Each Director has the necessary qualification and experience required for performing his or her duties in the Company. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Therefore, the Company confirms that no liability insurance has been arranged for the Directors.

For the year ended 31 December 2017, save as disclosed above, the Company has been in strict compliance with the principles and code provisions of the Code as well as certain recommended best practices contained therein.

Corporate governance practices adopted by the Company are outlined as follows:

1. Board

The Board carries out its duties and exercises its powers in accordance with the Articles of Association and in the best interests of the Company and its shareholders. It reports the work and is held accountable to the general meeting, and implements the resolutions thereof.

(1) Composition of the Board

As at 31 December 2017, the Board consisted of nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

The Company believes 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, therefore, the Company formulated Board Diversity Policy in August 2014 which ensures that when 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 terms, and finally make decisions based on the value of candidates and contributions they can bring to the Board. All proposals brought 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 of the Company (the "Nomination Committee") will report the composition of the Board at a diversity level in the annual report in 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 biographical details of the Directors as of the Latest Practicable Date are set out on pages 103 to 107 of this annual report. There are no relationships (including financial, business, family or other material or relevant relationships) between members of the Board. The structure of the Board is well balanced, with each Director equipped with profound knowledge, experience and expertise relevant to the Company's business operation and development. All Directors are well aware of their joint and individual responsibilities toward the shareholders.

In 2017, the Board has always been abiding by the requirements of the Listing Rules regarding the appointment of at least three independent non-executive Directors and that independent non-executive Directors shall represent at least one third of the Board.

The qualifications of the Company's three independent non-executive Directors are in full compliance with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. In addition, the Company has received annual confirmations dispatched by each independent non-executive Director in accordance with Rule 3.13 of the Listing Rules as to their respective independence. Therefore, the Company is of the view that each independent non-executive Director is independent as provided in the Listing Rules.

Current members of the Board are listed in the following table:

Name	Date of birth	Position	Date of appointment
Chen Feihu	1962.07	Chairman of the Board and non-executive Director	18 April 2017
Zhou Kewen	1968.04	Vice Chairman of the Board and executive Director	27 June 2017
		president	18 April 2017
Liu Guangming	1971.12	Non-executive Director	30 June 2016
Liang Yongpan	1966.03	Non-executive Director	30 June 2016
Liu Baojun	1961.04	Non-executive Director	30 June 2016

Name	Date of birth	Position	Date of appointment
Jiao Jianqing	1963.05	Executive Director	18 April 2017
Liu Chaoan	1956.03	Independent non-executive Director	1 July 2010
Lo Mun Lam, Raymond	1953.09	Independent non-executive Director	20 August 2014
Yu Shunkun	1963.05	Independent non-executive Director	27 March 2015

(2) Board meetings

According to the Articles of Association, the Board is required to hold Board meetings at least four times each year to be convened by the Chairman of the Board.

Notices of regular Board meetings shall be dispatched at least fourteen days in advance, stating the time, venue and the means to be adopted by the meeting.

Except where a Board meeting is convened to consider connected transactions as provided in the Articles of Association, a quorum for the Board meeting shall be formed by more than half of the Directors. Directors may attend the Board meeting in person or appoint another Director as his proxy in writing. The secretary of the Board is responsible for preparing and keeping minutes of Board meetings, and making sure that such minutes are available for reference by any Director.

In 2017, the Board held five meetings, and the record of Directors' attendance is set out as follows:

Name	Position	Attendance/ number of meetings held	Attendance rate
Wang Yeping(Note 1)	Former chairman of the Board and Non-executive Director	1/1	100%
Chen Feihu(Note 2)	Chairman of the Board and Non-executive Director	4/4	100%
Zhang Chunlei(Note 3)	Former vice chairman of the Board, executive Director and president	1/1	100%
Zhou Kewen(Note 4)	Vice chairman of the Board, executive Director and president	4/4	100%
Liu Guangming	Non-executive Director	5/5	100%
Liang Yongpan	Non-executive Director	5/5	100%
Hu Guodong(Note 5)	Former executive Director and vice president	1/1	100%
Jiao Jianqing	Executive Director and vice president	4/4	100%
Liu Chaoan	Independent non-executive Director	5/5	100%
Lo Mun Lam, Raymond	Independent non-executive Director	5/5	100%
Yu Shunkun	Independent non-executive Director	5/5	100%

Notes:

1. Mr. Wang Yeping resigned as chairman of the Board and non-executive Director of the Company on 18 April 2017. For the period ended 30 April 2017, one Board meeting was held up to the date of resignation.

2. Mr. Chen Feihu was appointed as a non-executive Director of the Company on 18 April 2017. For the year ended 31 December 2017, four Board meetings were held since his appointment.

3. Mr. Zhang Chunlei resigned as a vice Chairman of the Board, executive Director and president of the Company on 27 June 2017. For the period ended 30 June 2017, one Board meeting was held up to the date of resignation.

4. Mr. Zhou Kewen was appointed as an executive Director of the Company on 27 June 2017. For the year ended 31 December 2017, four Board meetings were held since his appointment.

5. Mr. Hu Guodong resigned as an executive Director and vice president of the Company on 18 April 2017. For the period ended 30 April 2017, one Board meeting was held up to the date of resignation.

In particular, Mr. Wang Yeping, former chairman of the Board of the Company, held a meeting with the non-executive Directors (including the independent non-executive Directors) of the Company in March 2017 and Mr. Chen Feihu, current chairman of the Board of the Company, held a meeting with the non-executive Directors (including the independent non-executive Directors) of the Company in August 2017.

(3) Powers and responsibilities of the Board and the management

The powers and responsibilities of the Board and the management are specified in the Articles of Association, providing a sufficient restrained and balanced mechanism for corporate governance and internal controls. The Board is responsible for corporate governance. The Company has formulated its corporate governance policy pursuant to the requirements of Appendix 14 to the Listing Rules. As at 31 December 2017, the Board performed its duties according to the corporate governance policy of the Company.

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

The Board is responsible for the Company's corporate governance. In 2017, the Board mainly reviewed the Company's corporate governance policy and practices, reviewed and supervised the training and continuous professional development of Directors and senior management, reviewed and supervised the Company's policy and practices in respect of compliance with laws and regulations, reviewed and supervised the code of conduct and compliance manual for employees and Directors, and reviewed the Company's compliance with the Code and the disclosures made in the Corporate Governance Report.

The management of the Company, led by the President (who is also an executive Director), is responsible for implementing all the resolutions issued by the Board and organising management of the Company's day-to-day operation.

(4) Chairman and President

The positions of the Chairman and the President (i.e., chief executive officer under the terms of the Listing Rules) of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them. Mr. Chen Feihu and Mr. Zhou Kewen served as the Chairman and the President respectively, whose powers and responsibilities were clearly divided.

In 2017, the Chairman of the Company, Mr. Chen Feihu, who led the Board, decided on the Company's overall development strategies, ensured the effective operation of the Board, performed his bounden duties, and brought all important matters to discussion in a timely manner; made sure that the Company had in place good corporate governance practices and procedures; and made sure that the Board acted in the best interests of the Company and all its shareholders. In 2017, the President Mr. Zhou Kewen was mainly in charge of the Company's day-to-day operation management, including organising the implementation of the Board resolutions and routine decision-making, etc.

(5) Appointment and re-election of Directors

As provided in the Articles of Association, Directors are elected by general meetings for a term of no more than three years and are eligible for reappointment. The Company has implemented a set of effective procedures regarding the appointment of new Directors. The nomination of new Directors is firstly discussed by the Nomination Committee which then submits its recommendation to the Board, and is subject to approval via the election in general meeting.

The Company has entered into service contracts with all its Directors (including non-executive Directors) for a term commencing from the date of appointment to the date of expiry of the term of this session of the Board and subject to termination in accordance with the terms under respective service contracts.

(6) Remuneration of Directors

Remuneration of Directors is determined by the Remuneration and Assessment Committee based on criteria such as working experience, working performance, positions and market conditions.

(7) Training for Directors and Joint Company Secretaries

(A) Training for Directors

All Directors always attend to the Directors' duties and personal integrity, and the business activities and developments of the Company. In 2017, they had been updated on a monthly basis with information relating to the performance, state of affairs and prospects of the Company. In addition, the Company provided Directors with the latest developments in the Listing Rules and other applicable regulatory regulations, to make sure they were able to keep making contribution to the Board with extensive information and appropriate expertise.

A newly-appointed Director will be provided with a necessary introduction package designed for him, including meeting with senior management, so that he will have a deep understanding of the Group's businesses, strategies, major risks and problems and future development plans.

For the year ended 31 December 2017, the Company carried out various trainings for the Directors and management of the Company on the following topics:

1. Internal business consultation; and

2. the Code and latest amendments to the Listing Rules.

In 2017, all Directors attended the continuous professional development program, developed and refreshed their knowledge and skills to help ensure that they continued contributing to the Board with complete information and as needed.

Trainings received by all Directors during the year are as follows:

Name	Position	Training topics
Chen Feihu	Chairman of the Board and non-executive Director	Business management and corporate governance
Zhou Kewen	Vice Chairman of the Board, executive Director and president	Business management and corporate governance
Liu Guangming	Non-executive Director	Business management and corporate governance
Liang Yongpan	Non-executive Director	Business management and corporate governance
Liu Baojun	Non-executive Director	Business management and corporate governance
Jiao Jianqing	Executive Director	Business management and corporate governance
Liu Chaoan	Independent non-executive Director	Business management and corporate governance
Lo Mun Lam, Raymond	Independent non-executive Director	Business management and corporate governance
Yu Shunkun	Independent non-executive Director	Business management and corporate governance
Wang Yeping	Former chairman of the Board and non-executive Director	Business management and corporate governance
Hu Guodong	Former executive Director	Business management and corporate governance

(B) Training for joint company secretaries

The Company appointed Mr. Jia Hong as a joint company secretary of the Company on 17 March 2017. In compliance with Rule 3.29 of the Listing Rules, Mr. Jia Hong, the joint company secretary of the Company, had undertaken relevant profession trainings of not less than 15 hours during the year ended 31 December 2017.

The Company appointed Ms. Kwong Yin Ping Yvonne (a vice president of SW Corporate Services Group Limited) as one of its joint company secretaries on 12 July 2015. In compliance with Rule 3.29 of the Listing Rules, Ms. Kwong, the joint company secretary, had undertaken no less than 15 hours of relevant profession training during the year ended 31 December 2017. Her primary contact in the Company is Mr. Jia Hong, joint company secretary of the Company.

(8) Directors' liability insurance

The Company has always been in strict compliance with the principles and requirements of the Listing Rules. As at 31 December 2017, the Company was not involved in any material litigation liable by any Director. Each Director of the Company has the necessary qualification and experience required for performing his duty in the Company. The Company estimates that in the reasonably foreseeable future, there is little risk that there would be any event for which any Director shall take responsibility. Therefore, the Company confirmed that no liability insurance was arranged for Directors.

2. Four Professional Committees under the Board

There are four professional committees under the Board, including the Audit Committee, Nomination Committee, Remuneration and Assessment Committee and Strategic Committee.

(1) Audit Committee

As of 31 December 2017, the Audit Committee of the Company consists of three Directors, i.e. Mr. Lo Mun Lam, Raymond (independent non-executive Director), Mr. Liu Baojun (non-executive Director) and Mr. Yu Shunkun (independent non-executive Director), with Mr. Lo Mun Lam, Raymond serving as the Chairman of the Audit Committee.

The primary responsibilities of the Audit Committee are to review and monitor our financial reporting system and internal control systems, which include, among other things:

- ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget and expenditure of the Company's accounting, internal audit and financial reporting functions;

- assessing whether there exists significant control mistakes or weakness in the Company's internal control; reviewing and monitoring the scope, effectiveness and results of internal audit and risk management functions to ensure that the internal audit function is independent, that the internal and external auditors are well coordinated, and that the internal audit function has sufficient resources and is well-positioned within the Group;

- assessing the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

- discussing with the management about the risk management and internal control systems to ensure the management's fulfillment of duties in establishing such systems. The content to be discussed shall include: the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- considering major investigation findings on risk management and internal control matters and management's response to these findings as delegated by the Board or on its own initiative; and

- establishing procedures for the treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, potential violations of law and suspicious accounting or auditing improprieties, and ensuring that proper arrangements are in place for the fair and independent investigation of these matters and appropriate follow-up action by the Company.

During the reporting period, the Audit Committee held two meetings, details of which are set out as follows:

- The third meeting of the third session of the Audit Committee of the Board was held on 17 March 2017, for the main purpose of considering and approving the 2016 annual results announcement and annual report of the Company, the 2016 financial report of the Company, the profit distribution plan of the Company for 2016, and the 2016 report on internal control of the Company.

- The third meeting of the third session of the Audit Committee of the Board was held on 21 August 2017, for the main purpose of considering and approving the 2017 interim results announcement and interim report of the Company.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Lo Mun Lam, Raymond *(Chairman of the committee)*	2/2
Liu Baojun	2/2
Yu Shunkun	2/2

(2) Nomination Committee

As at 31 December 2017, the Nomination Committee of the Company consists of three Directors, i.e. Mr. Liu Chaoan (independent non-executive Director), Mr. Liang Yongpan (non-executive Director) and Mr. Lo Mun Lam, Raymond (independent non-executive Director) with Mr. Liu Chaoan serving as the Chairman of the Nomination Committee.

The primary responsibilities of the Company's Nomination Committee are to review the structure, size and composition of the Board, formulate the criteria and procedures for selection of candidates for Directors and senior management, make recommendations to the Board on the appointment of and succession planning for Directors and to conduct preliminary review of the qualifications of the candidates for Directors and senior management.

During the reporting period, the Nomination Committee held one meeting, details of which are set out as follows:

- The second meeting of the third session of the Nomination Committee of the Board was held on 17 March 2017, for the main purpose of reviewing the proposal in relation to the composition of the Board and the independence of independent non-executive Directors.

  The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Liu Chaoan *(Chairman of the committee)*	1/1
Liang Yongpan	1/1
Lo Mun Lam, Raymond	1/1

(3) Remuneration and Assessment Committee

As at 31 December 2017, the Remuneration and Assessment Committee of the Company consists of three Directors, i.e. Mr. Yu Shunkun (independent non-executive Director), Mr. Liu Chaoan (independent non-executive Director) and Mr. Zhou Kewen (executive Director) with Mr. Yu Shunkun serving as the Chairman of the Company's Remuneration and Assessment Committee.

The primary responsibilities of the Remuneration and Assessment Committee are to formulate the standards for the evaluation of the Directors and senior management and conduct such evaluation, and to promulgate the remuneration schemes for the Directors and senior management and make recommendations to the Board in respect thereof, including, among other things:

- drawing up the overall remuneration package for the Directors and senior management, evaluating the performance of the senior management and approving the remuneration to be paid to the senior management;

- reviewing the Directors' remuneration and making recommendations to the Board in respect thereof; and

- reviewing the remuneration schemes of Directors and senior management and making recommendations to the Board in respect thereof.

During the reporting period, the Remuneration and Assessment Committee held one meeting, details of which are set out as follows:

- The second meeting of the third session of the Remuneration and Assessment Committee of the Board was held on 17 March 2017, at which the proposal of assessment and incentive for the work of operation management team in 2017 was considered.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Yu Shunkun *(Chairman of the committee)*	1/1
Zhou Kewen *(Note 1)*	0/1
Liu Chaoan	1/1
Zhang Chunlei *(Note 2)*	1/1

Notes:

1. Mr. Zhou Kewen was appointed as a member of the Remuneration and Assessment Committee of the Company on 27 June 2017. The Remuneration and Assessment Committee held no meeting for the year ended 31 December 2017 after his appointment.

2. Mr. Zhang Chunlei resigned as a member of Remuneration and Assessment Committee of the Company on 27 June 2017. The Remuneration and Assessment Committee held one meeting in total after his resignation.

(4) Strategic Committee

As at 31 December 2017, the Strategic Committee of the Company consists of Mr. Zhou Kewen (executive Director), Mr. Liu Guangming (non-executive Director) and Mr. Jiao Jianqing (executive Director), with Mr. Zhou Kewen serving as the Chairman of the Strategic Committee.

The primary responsibilities of the Strategic Committee are to formulate our overall development plans and investment decision-making procedures, including, among other things:

- reviewing the Company's long-term development strategies;
- reviewing the Company's strategic planning and implementation reports; and
- reviewing significant capital expenditure.

During the reporting period, the Strategic Committee held two meetings, details of which are set out as follows:

- The second meeting of the third session of the Strategic Committee of the Board was held on 17 March 2017, at which the Report of the Operation and Investment Plans of the Company for 2017 was considered.

- The third meeting of the third session of the Strategic Committee of the Board was held on 18 August 2017, at which the Report of Adjusting the Operation and Investment Plans of the Company for 2017 was considered.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Zhou Kewen *(Chairman of the committee)*	1/2
Liu Guangming	2/2
Jiao Jianqing	1/2
Mr. Zhang Chunlei *(Former Chairman of the committee)* *(Note 1)*	1/2
Hu Guodong (former member of the committee) *(Note 2)*	1/2

Note:

1. Mr. Zhang Chunlei resigned as the Chairman of the Strategic Committee on 27 June 2017. The Strategic Committee held one meeting for the period ended 30 June 2017 before his resignation.

2. Mr. Hu Guodong resigned as a member of the Strategic Committee on 18 April 2017. The Strategic Committee held one meeting for the period ended 30 June 2017 before his resignation.

3. Directors' Responsibility for the Financial Statements

The Board has acknowledged its responsibility for preparing the financial statements of the Group for the year ended 31 December 2017. The Board is responsible for presenting a clear and understandable assessment of the annual and interim reports, inside information, sensitive information of equity price and other discloseable information as 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 assessment of the financial information and status of the Group as well as giving consideration and approval. The Group is not exposed to any material uncertainty that may exert significant impact on the Group's ability to continue as a going concern.

4. Compliance with the Model Code for Dealing in the Securities of the Company by Its Directors, Supervisors and Relevant Employees

The Group has adopted the Model Code as the code of conduct for dealing in the securities of the Company by its Directors, supervisors and relevant employees (as defined in the Code). According to the specific enquiries of all Directors and supervisors, each Director and supervisor confirmed that she/he had strictly complied with the standards set out in the Model Code during the reporting period.

The Board will examine the corporate governance practices and operation of the Group from time to time to ensure that the Group is in compliance with relevant requirements under the Listing Rules and that the shareholders' interests are safeguarded.

5. Risk Management and Internal Control

The Company has exerted greater efforts to the establishment of the internal control and risk systems and a sound corporate structure, and has formed the scientific system for decision-making and effective control. It also standardizes the corporate actions to guarantee legal, and compliant operation and management of the Company. The Company improves the corporate operation efficiency aiming to push forward the achievement of the corporate development strategies. In addition, the Company has established a favourable information exchange mechanism to guarantee the truthfulness, accuracy and completeness of relevant information disclosure.

When establishing and implementing the internal control and risk management systems, the Company has taken into comprehensive account the five fundamental elements, i.e., the internal environment, risk assessment, control endeavors, information and communication as well as internal monitoring. Attaching importance to the internal environmental governance, the Company upholds the concept of "People foremost, harmony supreme and efficiency first" to unremittingly optimize the corporate organizational structure and improve management efficiency.

In light of the business characteristics, the Company has established in the headquarters the President Office Department, Development Planning Department, Planning and Marketing Department, Human Resources Department, Financial Management Department, Capital Operation and Property Right Management Department, Operation Safety Department, Project Management Department, International Business Department (Technology Information Department), Political Work Department (Corporate Culture Development), and Supervision and Audit Department (Office of Discipline Inspection Panel). The functional departments condition and superintend within their respective specific terms of reference. Besides, the Company has set up a special internal control department to specifically carry out routine monitoring and inspection over the truthfulness of the assets, liabilities as well as gains and losses of the Company, the compliance of financial revenues and expenditures, profitability of material investments, material connected transactions of the Company, and the corporate internal control so as to ensure the implementation of the internal control systems and the normal production and operation of the Company. All departments are under direct leadership of the President of the Company, who is thereby able to report instantly to the Board on the operations of each department and problems received. Any significant matter (if subject to disclosure to the market) identified by the staff could be reported to the management in a timely, accurate and effective manner and the decisions of the management of the Company could be implemented accurately and timely under supervision.

In consistent response to the development needs, the Company further establishes and consummates the comprehensive responsibility management systems in addition to the work target-related accountability system. The Company has formulated the performance standards stressing on both motivations and regulations, with subdivided work assignments and specified performance target for each post, so as to evaluate the performance of the staff impersonally and accurately, and inspire the potentials and passions for work of the staff.

In 2017, the Company further deepened the risk control, and guaranteed effective risk control over management of organizational decisions, strategic investments, production and operation, finance and accounting, human resources, securities matters and legal affairs.

The Audit Committee under the Board is responsible for reviewing the internal control of the Company, supervising the effective execution of internal control and the self-assessment of internal control, and coordinating the audit of internal control and other relevant matters. The Company has formulated the Measures on Internal Control (《內部控制管理辦法》) to pinpoint the terms of reference of the Supervision and Audit Department in internal supervision, and to standardize the procedures, methods and requirements of internal supervision. In 2017, the Company timely precluded risks by way of close supervision and inspection, and gave play to internal audit in the supervision and inspection of internal control. Thanks to effective internal supervision, the Company made progress in compliance operation and standard management, and achieved ongoing increase in vigilance against risks and market competitiveness, thus ensuring the safe operation and sound development of the operation and management of the Company.

In terms of organizational structure, the Company has established the President Office Department, Development Planning Department, Planning and Marketing Department, Capital Operation and Property Right Management Department, Human Resources Department, Financial Management Department, Operation Safety Department, Project Management Department, Political Work Department, International Business Department, and Supervision and Audit Department, with adequate staffing level guaranteed. These departments respectively took charge of specific jobs including finance operation and monitoring, risk management, internal audit, anti-fraud etc.. In addition, the Company has allocated reasonable budget for provision of training courses to personnel performing functions such as corporate finance, risk management and internal audit in the Company and its subsidiaries on a regular basis, to ensure sufficient qualifications and experience for them to fulfil relevant functions.

All departments are under direct leadership of the President of the Company, who is thereby able to report instantly to the Board on the operations of each department and problems received. Any significant matter (if subject to disclosure to the market) identified by the staff could be reported to the management in a timely, accurate and effective manner and the decisions of the management of the Company could be implemented accurately and timely under supervision.

In terms of inside information disclosure, the Company has established standard control procedures for the collection, classification, reviewing and disclosure of information. The Company guarantees the absolute confidentiality of relevant information prior to full disclosure to the public. The Company will make corresponding information disclosure timely with regard to information that is unlikely to maintain confidentiality, so as to ensure effective protection of the rights and interests of investors and stakeholders.

In view of the foregoing, in regard of internal control and risk management, the Company has developed a well-balanced internal corporate business environment and normative production and operation order, improved the Company's capability in fending against various risks, and guaranteed the normal operation and management of the Company. Besides, the internal control and risk management of the Company has also exerted effective effects on the supervision, control and instruction of the production and operation of the Company and laid a solid foundation for the healthy development of the Company in the long run. The Company has conducted the self-assessment on the effectiveness and implementation of the internal control systems of the Company for the year, according to which, the Company opined that the internal control of the Company has covered each aspect and each component of the operation and management of the Company. During the reporting period, the Company recorded full coverage and effective implementation of internal control and risk management and did not have any material defects regarding the design or implementation of internal control of the Company. And the internal control and risk management systems were deemed as adequate and effective.

During the reporting period, the Board assessed the internal control systems of the Company and its subsidiaries such as financial control, operation control, compliance control and risk management systems and was not aware of any material problems or any material mistakes. The Board believes that the current monitoring system of the Company is effective, and that the accounting and financial reporting functions, the qualifications and experience of the staff and the training programmes for employees as well as the experiences and resources for setting the budget of the Company are adequate.

The purpose of the internal control and risk management systems is to manage rather than eliminate the risks of failure to fulfill work objectives. And the systems can only provide reasonable but not absolute assurance against any material misstatement or loss.

6. Auditors' Remuneration

Ernst & Young and Ernst & Young Hua Ming LLP (collectively, "External Auditors") were appointed as international and domestic auditors to audit the financial statements for the year ended 31 December 2017 prepared in accordance with International Financial Reporting Standards and China Accounting Standards for Business Enterprises, respectively. Aggregate remuneration in respect of audit and audit-related services provided by the External Auditors payable by the Company during the year ended 31 December 2017 was RMB7.5 million.

During the year, fees charged by the External Auditors for their non-audit services provided to the Company in respect of continuing connected transactions amounted to RMB0.2 million.

7. Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of individual Directors and senior management is in place. Details of the remuneration for Directors and top five persons in respect of remuneration are set out in Note 11 to the consolidated financial statements of the annual report. For the year ended 31 December 2017, the scope of remuneration for the senior management of the Company is set out below:

Scope of remuneration *(RMB'000)*	Number of members of senior management
0–500	4
500–1,000	9

Note: Numbers disclosed above include the senior management of the Company, those who are executive Directors and those who have resigned but received remuneration from the Company during the year according to the relevant remuneration policy of the Company.

8. Change of Constitutional Documents

The Board held meetings on 17 March 2017 and 18 April 2017, respectively. At such meetings, the Board considered and approved, among other things, the resolutions in relation to the amendments to the Articles of Association. The amendments are primarily for the addition of the relevant articles concerning the general counsel system and the Party committee. The resolutions were approved at the 2016 annual general meeting of the Company held on 27 June 2017 by way of special resolutions. The revised Articles of Association came into effect on 27 June 2017. Details of the amendments to the Articles of the Association are set out in the announcements dated 17 March 2017 and 18 April 2017 and the circular dated 2 June 2017.

9. Shareholders' General Meeting

In 2017, the Company held three shareholders' general meetings in total with attendance of Directors as follows:

Name	Position	Attendance/ number of meetings held	Attendance rate
Chen Feihu	Chairman of the Board and non-executive Director	3/3	100%
Zhou Kewen	Vice chairman of the Board, executive Director and president	2/2	100%
Liu Guangming	Non-executive Director	3/3	100%
Liang Yongpan	Non-executive Director	3/3	100%
Liu Baojun	Non-executive Director	3/3	100%
Jiao Jianqing	Executive Director	3/3	100%
Liu Chaoan	Independent non-executive Director	3/3	100%
Lo Mun Lam, Raymond	Independent non-executive Director	3/3	100%
Yu Shunkun	Independent non-executive Director	3/3	100%

10. Communication with Shareholders

The Company highly appreciates shareholders' opinions and advice, actively organises various investor relations activities to maintain connections with shareholders and makes timely responses to the reasonable requests of shareholders.

(1) Shareholders' rights

The Board is committed to communicating with shareholders, and makes disclosure in due course about the Company's major developments to shareholders and investors. The general meeting of the Company provides shareholders and the Board with good communication opportunities. Notices on convening shareholders' general meetings are dispatched to all shareholders at least 45 clear days prior to the meeting.

The Company's shareholders' general meetings include annual general meetings, which are held once each year within 6 months of the end of the previous accounting year, and extraordinary general meetings, which are convened in compliance with the Articles of Association and whenever the Board considers appropriate. Shareholders individually or jointly holding a total of more than 10% (inclusive) of the Company's outstanding shares carrying voting rights on the date of submitting a request are entitled to, by sending the Board or the company secretary a written requisition, ask the Board at any time to convene an extraordinary general meeting to deal with matters specified in the requisition. And such meeting shall be held within 2 months after the requisition is presented.

Shareholders who wish to put forward suggestions during the shareholders' general meeting may raise their hands and speak in order of registration at any time after the resolutions to be considered at the meeting are announced. The Directors, supervisors and members of senior management shall respond to the questions and suggestions from shareholders.

The Chairman of the Board and the Chairmen of all committees under the Board (or, in whose absence, other members of the committees) will answer any question(s) at the annual general meetings. Pursuant to the Listing Rules, any vote of shareholders at a shareholders' general meeting must be taken by poll. Poll results are deemed resolutions of the meeting.

The Board encourages shareholders to attend annual general meetings to communicate directly about any concern(s) they may have with the Board or the management. Shareholders holding 3% or more of the Company's shares with voting right have the right to put up ad hoc proposals in writing to the Company, and the Company shall include such ad hoc proposals into the agenda for such shareholders' general meeting if they are matters falling within the functions and powers of general meeting. The ad hoc proposals raised by shareholders shall satisfy the following requirements: (i) free of conflicts with the provisions of laws and regulations, and fall into the business scope of the Company and the terms of reference of the general meeting; (ii) with definite topics to discuss and specific matters to resolve; and (iii) submitted or served to the Board in writing ten (10) days prior to the date of the shareholders' general meeting.

In 2017, the Company held the 2017 first extraordinary general meeting, the 2016 annual general meeting and 2017 second extraordinary general meeting.

Detailed voting procedures and resolutions being voted on by way of poll are contained in the circulars dispatched to shareholders.

(2) Shareholders' inquiries

If you have any query in connection with your shareholdings, including shares transfer, change of address or wish to report loss of shares or dividend warrant, please write to or contact the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at:

Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel:	(852) 2862-8628
Fax:	(852) 2865-0990, (852) 2529-6087
Website:	www.computershare.com.hk

(3) Investor relations and communications

The Company has set up a website at www.cdt-re.com, as a channel to promote effective communications, publishing announcements, financial information and other relevant information of the Company. Shareholders are welcome to make enquiries directly to the Company at its principal place of business in Hong Kong. The Company will deal with all enquiries in a timely and appropriate manner.

Report of the Supervisory Committee

In 2017, all members of the supervisory committee of the Company have earnestly performed their supervisory functions to safeguard the rights and interests of the Group and the shareholders in accordance with the Company Law of the PRC, the Articles of Associations, the Rules of Procedures of the Supervisory Committee and the relevant provisions in the Listing Rules.

I. MEETINGS OF THE SUPERVISORY COMMITTEE

1. On 17 March 2017, the Company held the second meeting of the third session of the supervisory committee in Beijing, at which the following proposals were considered and approved: the Work Report of the Supervisory Committee of the Company for 2016, Annual Results Announcement and Annual Report of the Company for 2016, the Final Financial Report of the Company for 2016, the Financial Budget Plan of the Company for 2017 and the Profit Distribution Plan of the Company for 2016.

2. On 27 June 2017, the Company held the third meeting of the third session of the supervisory committee in Beijing, at which the Proposal regarding Election of the Chairman of the Supervisory Committee was considered and approved.

3. On 18 August 2017, the Company held the fourth meeting of the third session of the supervisory committee in Beijing, at which the Proposal regarding the Consideration and Approval of the 2017 Interim Results Announcement and Interim Report of the Company was considered and approved.

II. PRINCIPAL INSPECTION AND SUPERVISION WORK OF THE SUPERVISORY COMMITTEE IN 2017

1. Members of the supervisory committee carried out supervision and inspection of the financial position of the Company and its internal control systems such as the financial management system, including regular inspections of the financial reports and budgets and irregular reviews of accounting documents and books of the Company.

2. Members of the supervisory committee attended the second meeting of the third session of the Board, the fifth meeting of the third session of the Board, 2017 first extraordinary general meeting, 2016 annual general meeting and 2017 second extraordinary general meeting, exercising supervision in respect of the lawfulness and compliance of the procedures of the matters considered by the Board meetings and general meetings.

3. The supervisory committee made no objection to the reports and motions tabled at the shareholders' general meetings and were convinced that the Board had faithfully implemented the resolutions approved by the general meeting.

III. INDEPENDENT OPINIONS ISSUED BY THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS

1. Operation and Management of the Company

During the reporting period, the Company made conspicuous achievements in terms of production and operation, internal management, structural adjustment, project construction, efficiency enhancement relying on science and technology, etc. The management of the Company attached great importance to the implementation of the safe production responsibilities and systems and further enhanced equipment specific control with a return of comprehensive improvement of equipment health level; continuously optimized regional and industrial structures with new progress made in the early stage development; made a breakthrough in the capacity put into operation and obtained achievements in the construction of quality projects; enhanced overall budget management, which was returned by a dramatic cost-lower efficiency and significant operational improvement; stepped forward in reliance with scientific and technical progress, leadership and support. The management of the Company faithfully fulfilled its duties and responsibilities as stipulated in the Articles of Association and earnestly implemented the resolutions approved by the Board.

2. Financial Matters of the Company

Members of the supervisory committee monitored and examined the financial management system and the financial condition and reviewed relevant financial information of the Company. Upon examination, the supervisory committee concluded that the Company had strictly complied with the relevant financial laws, regulations and financial policies, and that the financial management system was sound and implemented effectively; the accounting treatment was in line with the consistency principles; and the Company's financial reports gave an objective and fair view of the financial position and operating results of the Company.

The supervisory committee reviewed the standard unqualified audit opinion issued by Ernst & Young and Ernst & Young Hua Ming LLP in respect of the consolidated financial statements of the Group for the year ended 31 December 2017 prepared in accordance with International Financial Reporting Standards and China Accounting Standards for Business Enterprises respectively, and raised no objection to such reports.

3. Connected Transactions

The supervisory committee reviewed the connected transactions between the Group and its respective connected persons during the reporting period, and was of the opinion that all the connected transactions complied with the relevant requirements of the Hong Kong Stock Exchange, and that the pricing of the connected transactions was reasonable, open and fair and there was not any matter prejudicial to the interests of the Company or shareholders.

4. Implementation of the Resolutions of Shareholders' General Meetings

The supervisory committee considered that the Board earnestly implemented the resolutions approved by the general meeting.

In 2018, the supervisory committee will continue carrying out its fiduciary duties to implement effective supervision on the Company, its Directors and senior management in accordance with the relevant provisions of the Company Law of the PRC, the Articles of Association, the Rules of Procedure of the Supervisory Committee and the Listing Rules; pay close attention to the production, operation and management status of the Company as well as any significant move of the Company; and continue strengthening the supervision on procedures of the Company's investment projects, so as to facilitate the profit growth of the Company and to dutifully protect the interests of all shareholders and the Company.

By order of the supervisory committee
Huo Yuxia
Chairman of the supervisory committee

Beijing, the PRC, 26 March 2018

Environmental, Social and Governance Report

The Group started to release the Environmental, Social and Governance (ESG) Report in 2017. This is the second report of the Group that has been approved by the Board, and it's contained in the Group's annual report. It covers the Group's ESG performance from January 1, 2017 to 31 December, 2017, though some of the content therein falls out of the above time frame. The Group reports on "comply or explain" provisions and on "recommended disclosures" provisions of the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange. Unless otherwise specified, the source of the financial data cited in this report has been taken from audited financial reports, and other data were sourced from internal official documents and related statistics of the Group.

1. ESG MANAGEMENT

As one of the leading clean energy suppliers in China, the Group has always adhered to the philosophy of "providing clean power and brightening up a better life" to optimize its industrial layout. It is aimed to make more contributions to social energy restructuring and climate change mitigation. While providing the society with green energy, we earnestly follow the code of conduct for environmental protection, caring for employees, and benefiting the society. The code of conduct has been implemented in our business operation and development throughout. At the same time, we have built and are constantly optimizing the ESG management system. We are committed to the harmonious development of the corporation, society, and nature. We have also set a development goal of building an international leading renewable energy company.

1.1 Structure of ESG Management

In order to continuously improve its social responsibility management, the Group established an ESG working system consisting of the Board, functional departments, and all its subsidiaries and branches. Joint efforts have been made to promote ESG philosophy, and for it to be fully integrated into business management and operations. The Board is the ultimate decision-making and leading organ for ESG management, which is in charge of setting the ESG strategies and targets. The functional departments of the Company are responsible for the implementation of the ESG strategies and targets as well as the evaluation of the relevant ESG performance indexes.

The branches and subsidiaries of the Company are the practitioners of the ESG work. Every branch and subsidiary has set its ESG management departments to correspond with their counterparts of the Company, which ensures ESG strategies and targets of the Company can be effectively delivered and implemented, and specific ESG work can be under direct management as well.

In compliance with the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange, the Group comprehensively combed through the environmental, social and governance information of the Group's headquarters, branches and subsidiaries in 2017. This optimized the information reporting mechanism and information management and control processes, so as to improve ESG information disclosure.

1.2 Stakeholder Communication

The Group attaches great importance to the communication with internal and external stakeholders. In the day-to-day operations, the Group is continuously improving various communication mechanisms. We collect feedback from management and learn the views and expectations of external stakeholders, such as investors, shareholders, media, regulators, etc. According to what we receive, we respond positively with practical actions. For instance, we publish and disseminate our concepts and practices on social responsibility through multiple channels. We look forward to working together with stakeholders to create sustainable shared values.

Stakeholders	Expectations and Requirements	Engagement
Government and Regulators	Implementing the nation's policies, laws and regulations Safeguarding power supply Promoting the local economy Creating more jobs and contributing to society Promoting industry development	Work Reports Periodical Reports Policy Research Participation Cooperation Discussions
Shareholders and investors	Benefits and returns Compliance operations Information disclosure and transparency	Shareholder meeting Company announcements On-site visiting
Employees	Maintaining rights and interests Guaranteeing of compensation and benefits Improving communication mechanisms Building better channels for career development Occupational health and safety	Worker congress Labor contract Employee Satisfaction survey Employee training Employee handbook
Customers	High quality Products and services Privacy protection	Customer Satisfaction survey Customer complaint hot-line
Suppliers	Equal and fair Cooperation Adhering to contracts Common development	Supplier onsite auditing Tender meeting Communication and interaction
Communities and the public	Improving the community environment Participating in public service Open and transparent information	Public service activities Corporate announcements Interviews and communication
Media	Timely Disclosure of information Keeping a good relationship with the media Delivering correct and transparent information	Releasing news and announcements Publishing reports Active dialogues with the media

1.3 Materiality Analysis

In order to make the report more pertinent and responsive, the Company complies with the requirement of the Environmental, Social and Governance Reporting Guide and the Sustainable Development Reporting Guide (G4.0) and refers to the ESG information disclosure of other domestic new energy companies. Combining the requirements of Datang Group with its own responsibility concepts, the Company identified sustainability issues and made a materiality analysis to ensure that the disclosed information can completely contain corporate development issues and the key issues stakeholders are concerned with.

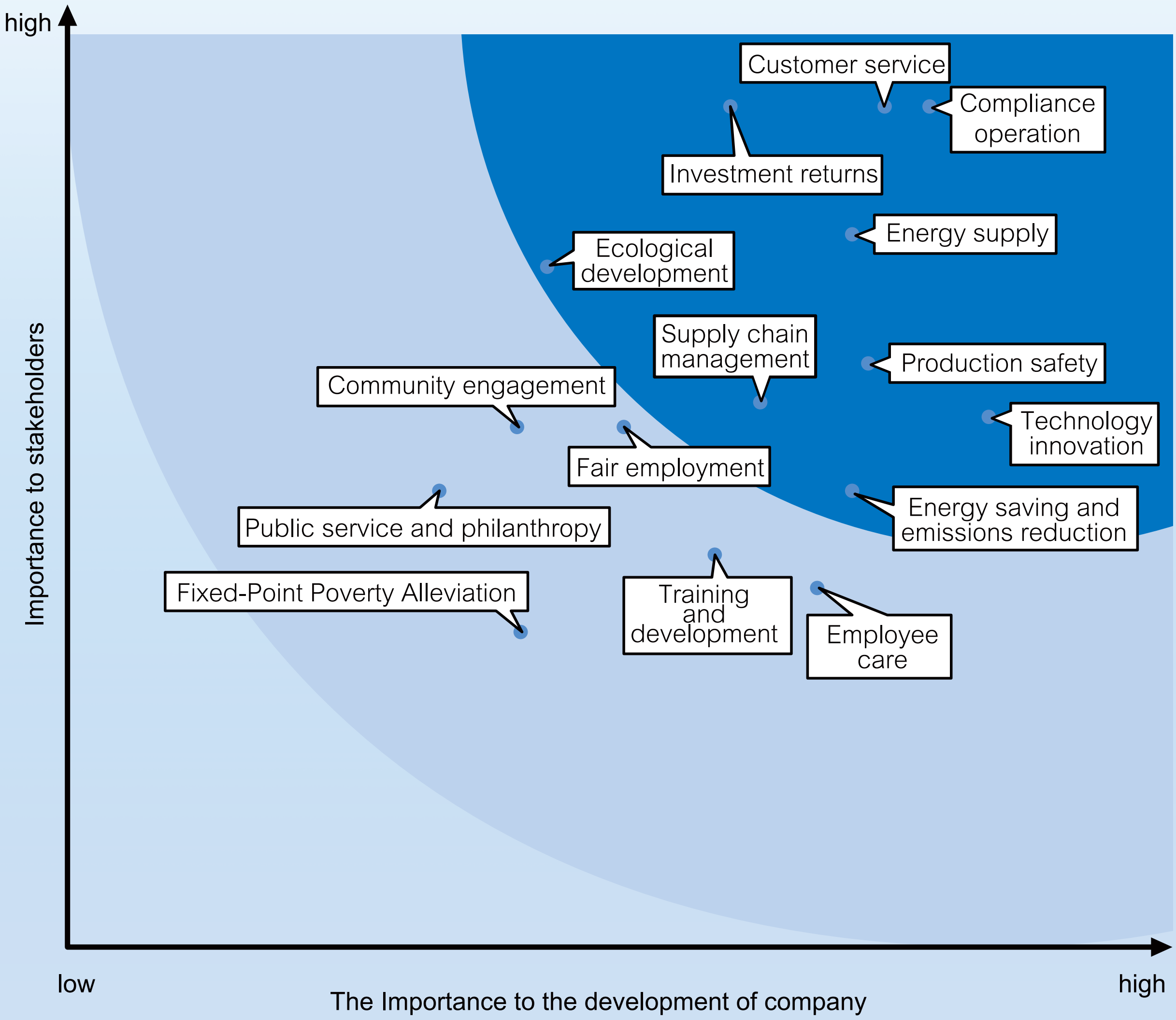


Fig: Matrix of Materiality Analysis

2. RESPONSIBLE OPERATIONS

As one of China's first power companies engaged in the development of new energy, the Group focuses on developing and optimizing renewable energy sources with a focus of contributing clean energy to the Chinese economy. The Group upholds the philosophy and culture of promoting the coordinated development of the economy, society and environment. Relying on a responsible societal and environmental approach to organize, operate and manage its business, the Group pursues common and sustainable development with society and the environment.

2.1 Compliance with Laws and Regulations

The Company faithfully abides by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Listing Rules*, and other relevant laws, regulations, normative documents, and articles of incorporation. In compliance to these provisions, since the Company listing, it has gradually improved its rules on corporate governance and issued work charters for various special committees. All these efforts ensure that it meets operational and management needs and external regulatory requirements. A sound structure and process for internal control and governance has been established in the Company to improve the Group's overall management and its ability to prevent risks.

The Company is highly concerned about the clean governance and anti-corruption of the Party. It complies with all laws and regulations relating to bribery, extortion, fraud and money laundering, which have a significant impact on it. To this end, it formulated the *Rules for Annual Assessment of the Accountability for Party Conduct and Clean Governance*, the *Implementation Rules for Integrity of Leaders*, the *Implementation and Management Rules for Prevention from Corruption Risks*, and the *Administrative Measures for Internal Control (Trial)*, etc.. It has also implemented closed-loop management to improve this work. In 2017, it launched a campaign entitled "the Month of Publicity and Education on Party Conduct, Clean Governance and Anti-Corruption". The campaign promoted a mechanism of "examination-driven learning". All the Party members and cadres took the examination on Party rules and discipline and their passing rate reached 100%.

In the meantime, the Group adopted a host of means for publicity and education. It organized intensive training, expert lectures, case studies, and visits to warning education centers. It also held photo exhibitions and organized revolution tours and reflection has been done by writing on clean governance learning. WeChat, QQ and other platforms were utilized to push contents on traditional culture and corporate culture. By constantly activating the carriers of education on clean governance, it has created new forms of education and enhanced the awareness of integrity among all employees.

In 2017, no litigation arising from malpractice or fraud occurred in the Group.

2.2 Safe and Stable Energy Supply

Adhering to the development philosophy of "value as basis of thinking and efficiency as orientation", the Group has accelerated project development and regional restructuring. It has put in place various measures to improve quality, efficiency and innovation. Its scale of installed capacity has seen rapid growth to provide the society with stable and safe clean energy. As of December 31, 2017, the Group's consolidated installed capacity was 8,826.42 MW, an increase of 3.87% year-on-year; annual power generation was 15,299 GWh, an increase of 24.41% year-on-year.

With a high emphasis on safe production, the Group earnestly implements the system of accountability for production safety. It formulated the *Ban for Safe Production* and implemented standardized management of wind farms and construction sites across the board. It regularly conducted safety inspections, safety hazard investigations and other activities. It also strengthened the management of construction by using outsourced engineering teams to ensure production safety. The Group takes strict precautions against all kinds of unsafe incidents from happening. It has created a stable and harmonious environment for power generation and successfully completed the tasks of ensuring power supply for all major events.

At the same time, the Group runs a high-standard management throughout all stages of business development. By working with upstream and downstream partners such as suppliers, clients and project partners, it provides safe and reliable, clean and economical energy to residents and industrial users. It also seeks common, comprehensive and sustainable development with industrial chain partners.

2.3 Technology Innovation

The Group highly values technological and product innovation. Focusing on building an innovation-driven enterprise,it integrates innovation in corporate development. By promoting corporate innovation and employee creativity, it adds impetus to economic and social development. In 2017, cumulative R&D investment of the Company reached RMB46.8793 million.

The number of patents licensed is also rapidly growing, surpassing the annual target year by year. As of the end of 2017, it had a total of 296 patents licensed, including 28 inventions. In recent years, the Group has won a number of provincial and ministerial-level technology awards. It is continuing to achieve innovation and breakthroughs in the field of science and technology.

Highlights of some of The Company's scientific and technological achievements in 2017

Project	Prizes & Awards
"Research and Demonstration of Technologies for Numerical Simulation of Flow Field and Improvement in Aerodynamic Efficiency of Wind Turbine Blades at Wind Farms in Complex Terrains"	Second place prize for "China Power Science and Technology Award" Second place prize for "Power Innovation Award (Technology Category)"
"Development of Sophisticated Patrol & Inspection Systems for Wind Farms"	First place prize for "Workers' Technical Achievements in the State's Power industry "
"Intelligent Patrol & Inspection-Based Systems for Fan Blades Fault Diagnosis"	The Third Place Prize for "Workers' Technical Achievements in the State's Power industry
"A Platform for Large-Scale Wind Turbine Simulation Experiment and Maintenance and Testing of Important Systems"	The Third Place Prize for "Workers' Technical Achievements in the State's Power industry

In 2017, the Company took the lead in the research project of Datang Group, entitled "Research on Optimized Design for Intelligent Operation and Maintenance of New Energy-Based Power Generation". Under this role, it assisted the Technology and Information Department of the Group in reviewing and managing 14 sub-projects, and undertook technical research and development for 11 of the 14 sub-projects.

2.4 Supplier Management

Persisting in integrating the concept of social responsibility in the whole process of supplier management, the Group formulated and implemented the *Measures for Supplier Management of China Datang Corporation Renewable Power Co., Ltd.* and *The Procurement Rules of China Datang Corporation Renewable Power Co., Ltd.*

According to the *Tendering and Bidding Law of the PRC*, the domestic projects that the Group fully or partially invested by state-owned funds must be put out to tender. The Group puts the principle of "openness, fairness and impartiality" in its supplier management. It publishes information on the whole process of supplier management on the supplier management information platform. With an effective supervision mechanism it protects the lawful rights and interests of suppliers. To realize a dynamic assessment of suppliers, the Group combines daily management with annual evaluation to give suppliers a comprehensive and quantitative evaluation on their overall strength, participation in its procurement, etc.. The Group also strictly implements a system of registration, admission, selection, assessment and treatment of suppliers. Through vigorously cultivating quality suppliers, The Group continues to optimize the suppliers' structure and enhances the quality of supply. The Group selects suppliers through the public invitation of bids. There is no inventory of fixed suppliers, and the number of suppliers is not counted by geographic regions. Regular evaluation will be made on the suppliers according to the *Supplier Evaluation Record*. Those qualified suppliers will be introduced and unqualified suppliers will be removed based on their evaluation results.

In addition, the Group places emphasis on the management of project contractors. It strictly screens contractors based on qualification, reliability, and adaptability, etc. It also carries out regular evaluation on their performance of the contract, rewards and penalties, and so on. These efforts have improved the level of contractor management and put project and engineering risks under control.

2.5 Product Responsibility

With the task of providing green energy, the Company strictly implements the national green energy development strategy and takes the lead in the new energy project construction and the industry.

The product provided by the Company is green energy and will not incur any significant liability involved in other products.

The Company earnestly abides by the *Advertising Law of the People's Republic of China* and other laws and regulations regarding advertising, to root out false and misleading statements in promoting products and services and doing transactions.

3. ENVIRONMENTAL RESPONSIBILITY

2017 was a critical period for the new energy industry to maintain rapid development. Adhering to the concept of green development, the Group is actively developing its power generation business based on renewable energy sources such as wind power, solar power, gas and so on. In creating green energy, it endeavored to build a clean development mechanism and strongly advance the protection of ecological environment.

3.1 Addressing Climate Change

Climate change is one of the most agreed upon issues in human history. With the formal entry into force of the Paris Agreement, global climate governance has accelerated its progress. The National Development and Reform Commission and National Energy Administration have issued in succession the *Guide of Setting Goals for the Development and Utilization of Renewable Energy, the 13th Five-Year Plan for Electric Power Development*, the *13th Five-Year Plan for Renewable Energy Development* and the *13th Five-Year Plan for Energy Development*. These guides and plans have upgraded the goals for renewable energy development during the 13th Five-Year Period. China's carbon emissions trading market has been officially in operation. Renewable energy certificates or green electricity certificates have been issued. The voluntary subscription trading system has been established. All these plans and measures have further promoted and expanded the use of renewable energy. From the perspective of scale, there is still much room of development for new energy industry in the coming years. For the Group and the entire new energy industry, addressing climate change is fundamental to their development. It is both an opportunity and a challenge.

In response to national and international policies for addressing climate change, the Group acted proactively by seizing opportunities in the development of the domestic carbon market. It has successively launched 20 CCER projects and 7 CCER projects have completed filing. It has achieved emission reduction gains of RMB880,000 in total, creating a new driver of profit growth for the Company. Through several years of hard work, the Company has continuously expanded the scope of carbon asset-related business, involving carbon asset management, development and consulting, carbon trading, and research projects, etc. A business model covering the entire industrial chain of carbon assets has been formed in the Company.

As of December 31, 2017, the Group had consolidation installed capacity of 8,826.42 MW, including: the wind power installed capacity of 8,646.95 MW, PV power installed capacity of 174.47MW and gas power installed capacity of 5 MW. The Company has 97 wind farms, 12 PV stations and 1 CBM power plant, which are located in 22 provinces, municipals and autonomous regions. In the whole year, the Group generated power of 15.299 GWh, equal to saving 4.73 million tons of standard coal, which reduced 12.39 million tons of CO_2 emissions, 113.80 thousand tons of SO_2 and 76 thousand tons of NOX.

Case: Aligning with Xiong'an new area plan, planning for future development

In 2017, China established Xiong'an New Area. The Group prioritized an in-depth research on related policies. It also immediately established a contact with the Xiong'an New Area Government. In the future, the Group will take "clean and smart energy" as a breakthrough and seize the historical opportunities of coordinated development of Beijing, Tianjin and Hebei. Specifically, it will actively develop projects in Xiong'an New Area such as distributed photovoltaic power generation, complementation of agricultural production and solar power, smart new energy development, etc., so as to make active contributions to the development of Xiong'an New Area.

3.2 Energy Saving and Emission Reduction

In strict accordance with requirements of the *Environmental Protection and Management Standards* of Datang Group, the Group has carried out the following work, including: environmental impact assessment of construction projects, the construction and completion acceptance of environmental protection facilities, the operation and management of environmental protection facilities, pollutants discharge to meet certain standard and total amount control, and the environmental indicators included into the KPI assessment system. In 2017, no incidents involved in violating environmental laws or environmental pollution accidents occurred.

In 2017, the Group actively promoted the transformation of energy-saving technology, optimized the operations of wind turbine and improved the quality and efficiency of the old units. In view of the weaknesses of the old type of generator, such as short blades, technological laggard in control units lags and the multiple design flaws of the old types, the Group carried out a series of quality and efficiency reform so as to improve energy efficiency, including: lengthening the step, root and tip of blades, increasing functional components, optimizing main control units, performing special treatment and so on. The Group also inspires all employees to participate in resource conservation activities and encourages employees to conserve water, electricity and paper.

Case: Improving energy efficiency of wind turbine in the wind farms located in Chifeng area

Through a benchmarking analysis of production indexes in the regional wind farm, the Company constantly searches for wind turbine defects. For instance, blades were lengthened to improve efficiency of power generation because the fan blades that were put into operation in earlier periods were shorter and less efficient than at present. Based on former experience, the micro site selection for the wind turbine construction was adopted in the later stage, which had not only reduced the noise pollution, but also improved the power generation capacity of the equipment. The analysis of equipment operation was made every month, focusing on the statistics of the faults and defects of the wind turbine. Based on the analysis, rectification measures were put forward and thus it has effectively improved utilization of the equipment as well as reduced the production cost.

Case: The upgrade of anemoscope equipment of Mima Zongliang Wind Farm

The wind-cup type anemorumbometer of Mima Zongliang Wind Farm is often frozen under the rain and snow weather. In order to solve this problem, the wind-cup type anemorumbometer was replaced by the anti-freezing type ultrasonic anemorumbometer. As a result, after the reform freezing has never occurred and about 500,000 KWh of power has been saved.

Case: Energy-saving reform project of Huitengliang Wind Field in Xilin Gol League area

In 2017, Huitengliang Wind Farm, located in Xilin Gol League area, completed 31 technical renovations in its A Area, including: 66 sets of the heat-removal system of the frequency conversion cabinets on the top of Sinovel wind turbines, 72 sets of the power supply system of fan variable pitches, 165 sets of the lighting system of fan tower barrels and wheel hubs, and 31 other items. After renovation, the reliability of the equipment improved steadily. Among them, only the wheel hub lighting LED transformation saved about 9,000 kWh each year.

Table: Energy Resources Utilization in 2017

Index	Data
Purchased Electricity *(KWh)*	39,280,162
Auxiliary Power *(KWh)*	27,871,918
Gasoline *(L)*	749,673
Diesel *(L)*	95,566
Liquefied Gas *(m^3)*	31,632
Scope 1 GHG Emission *(tons)*	1,880.97
Scope 2 GHG Emission *(tons)*	37,807.16
GHG Emission Intensity *(tons/million yuan)*	5.59
Water *(tons)*	70,930
Water Intensity *(tons/million yuan)*	9.98

The Group has always been exploring clean production and operating environment and strictly controlling pollutants and waste emissions. It fully meets the national and regional pollutant emission standards and strives to minimize the environmental impacts. The power generation process consumes no fossil fuel and water and does not generate flue gas, and thus will have marginal impact over environment and natural resources. The power generation process consumes no fossil fuel and water and does not generate flue gas, and thus will have marginal impact over environment and natural resources. The hazardous waste pollutants generated by the wind farm are mainly various mineral oil, and each wind farm uses a special storage container to store the waste oil respectively. When they are full, they will be handed over to the third party with professional qualifications for centralized processing. Household garbage collection points have been established, and the stored garbage will sent to the garbage station for standard processing regularly. During construction, wastes are strictly eliminated, recycling of resources are encouraged and waste generation are reduced. In 2017, the total amount of hazardous waste disposal in the whole Group was about 30 tons.

Case: Treatment measures of solid wastes of Taonan Wind Farm in Jilin province

The solid wastes of the wind farm are mainly used batteries. The wind farm adopts unified scientific management, makes a register of wastes, and handle them in a centralized manner or directly contacts the battery manufacturers to recycle according to the requirements of environmental regulations. The household garbage is packed in the garbage container stipulated by the Environmental Protection Bureau, and then it will be taken away monthly by special trucks and processed by Taonan Environmental Protection Bureau. The waste engine oil and other liquid wastes are restored in the special oil tank, which can be processed uniformly by the Environmental Protection Agency or the oil factories.

3.3 Ecological Protection

In the process of engineering construction, the Group adheres to the laws and regulations of the *Environmental Protection Act of the People's Republic of China*, the *Energy-Saving Act of the People's Republic of China*, the *Environmental Impact Averaging Methods of Construction Project of the People's Republic of China*, etc..It strictly implements the specific provisions of project environmental impact assessment, and implements the "three-simultaneity" system of environmental protection of the construction projects. The Group timely reclaims and plants the lands that is affected in the construction of wind power plant. The main environmental protection facilities and every ecological protection measure of each wind farm have been completed and implemented according to the requirements of environmental impact assessment and approval.

The noise emission of wind power plant construction cannot exceed the stipulation of the national standard – the *Noise Limit of Construction Sites*. Real-time monitoring and control of noise are conducted in the construction field by following the national standard – *Measuring Method of Noise in Construction Field*. The measures of noise insulation and vibration isolation were taken, for instance, using the machines and tools with low noise and low vibration. The light pollution during the process of construction was avoided or minimized to the greatest extent. The sewage discharge at the construction site met the national standard – *Integrated Wastewater Discharge Standard*. At the construction site, the corresponding processing facilities were set in allusion to different sewage, such as the sedimentation tank, oil separator, septic-tank, etc..

Case: Ecological protection measures of Hongnijing Wind Farm in Mengxi area

Hongnijing Wind Farm is located in the protected zone of the key rehabilitation region in Inner Mongolia Autonomous Region, and the region is mainly focused on protecting natural vegetation and preventing from overgrazing, land clearing and excessive deforestation. In order to control soil and water loss, improve the ecological environment and production conditions, and perform well in routine work, such as prevention, protection, supervision and inspection, the wind farm has conducted a thorough investigation and analysis on the factors that may cause water and soil erosion, and ecological destruction before its commencement of construction. A series of effective protective measures have been taken:

(1) In the construction process of the wind turbine base excavation, the stockpiling of surface soil and backfill soil are blocked and covered.

(2) Temporary drainage gutters are set up in the construction area of the booster station, and the measures of blocking and covering are adopted for the stockpiling of the surface soil and the backfill soil.

(3) Backfill soil and surface soil are leveled in each construction area.

(4) After the construction is completed, the measures of land leveling and vegetation restoration have been adopted for the temporary land occupation of construction.

(5) Except for the building occupation, the hardening and greening measures have been adopted in the permanent region of the project.

4. RESPONSIBILITY FOR EMPLOYEES

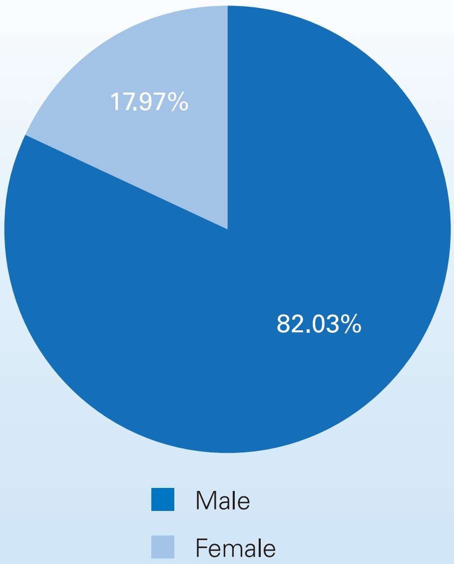
Professionals provide the core competitive edge for the development of an enterprise. The Group attaches great importance to professionals. It makes great efforts to attract, retain and cultivate professionals by providing them with advanced talent development mechanisms, clear career promotion channels and balanced work and leisure time. These efforts provide strong support for the Group's science and technology innovation and sustainable development, and make the local area a more favorable environment for professionals, so as to better support the development of local economy and social undertakings.

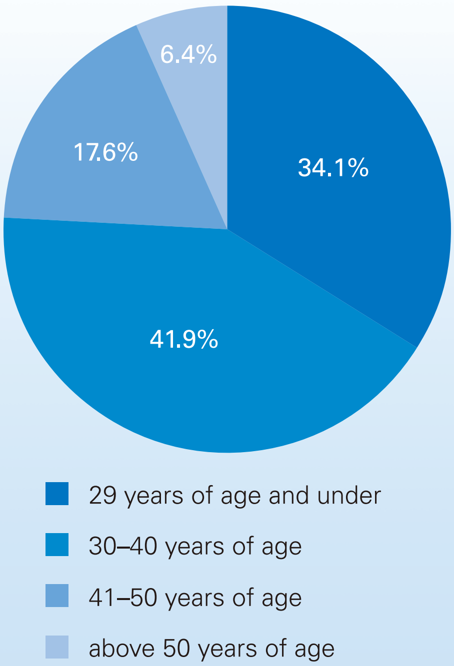
4.1 Respect employees' rights and interests

- **Recruitment**

In Compliance with the *Labor Law of the People's Republic of China*, the Group respects and values the lawful rights and interests of its employees. It protects the employees from any discrimination due to race, age, gender and other factors. It prohibits the employment of child labor and objects to any form of forced labor. The Group assures all its employees to have a fair, impartial and open working opportunity.

As of 31 December 2017, The Group had 3,117 employees, 17.97% of which were female. Regarding to the ratio of employees by age, 34.1% of employees were 29 and younger, 41.9% were from 30 to 40, 17.6% were from 41 to 50, and 6.4% were above 50.





- **Compensation and Benefits**

In strict compliance with the *Labor law of PRC* and the *Labor Contract Law of PRC*, the Group pays social insurance and housing accumulation funds for employees in full compliance with applicable laws, regulations and local industry standards. An employee's salary consists of two parts: basic salary and performance pay, where the performance pay is determined based on the performance assessment results of all the Group's employees. The Group pays much attention to the reinforcement and standardization of employee welfare and security systems. It pays salaries on time and enforces equal pay for equal work, so to ensure the salary growth of employees in a reasonable way.

- Occupational Health

  In order to provide employees with a safe working environment, the Company has formulated a series of regulations such as *Safety Management Measures, Management Measures for Industrial Injuries, Occupational Disease Prevention Measures, Management Measures for Labor Protective Supplies*, and *Management Measures for Periodic Physical Examinations of Employees* to continuously improve its occupational health safety control system. The Company strictly adhered to relevant laws and regulations, such as Labor Law of the People's Republic of China, Law of the People's Republic of China on Safe Production, and Law of Occupational Disease Prevention and Treatment of the People's Republic of China. It regularly organizes physical examinations for all employees, special physical examinations for staff involved in special type of works, and constantly optimizes the medical examination programs for the employees, so as to improve their physical health; actively organizes occupational safety and health training for employees to raise their safety awareness; improves supplemental medical insurance management measures to effectively help the sick employees with practical difficulties; and provides labor insurance products for employees.

In 2017, 100% of the employees received a health examination and were registered in the health records.

4.2 Employee Development

The Group pays attention to employee development. It has actively carried out training and development programs for all of its employees, including various vocational training and integrated competence training, professional skills contests, and professional adjustment exams, the training of technology, skills and management personnel on the production sites, so as to improve the professional skills and management level of the workforce. In order to gradually establish and improve the professional cultivation system and give full play to the important role of professionals in the development of the Company, the Company has formulated a series of mechanisms, such as the *Measures for Election of Outstanding Technical and Skilled Talents of China Datang Corporation Renewable Power Co., Ltd*, the Implementation Scheme of Establishing "Three Ones" Training System in China Datang Corporation Renewable Power Co., Ltd, the *Measures for the Model of Apprenticeship Schemes of China Datang Corporation Renewable Power Co., Ltd*, the *Measures for the Job Qualification for Wind Farm Production in China Datang Corporation Renewable Power Co., Ltd (Trial)*, etc..

The Group has actively organized various types of training and held 130 training workshops with more than 7,000 participants since 2012. In 2017, employees attended training programs 133,403 times, including 160 times for senior management, 3,015 times for middle management and 130,228 times for ordinary employees.

Case: Wind Power Operation and Maintenance Skills Contest Hosted by Duolun Wind Farm in Ximeng area

Duolun Wind Power held the Wind Power Operation and Maintenance Skills Contest in June 2017. A total of 69 participants from 23 teams participated in the contest. A special training workshop was opened before the contest, in which there were 77 participants taking part to make full preparations for the contest. The Skills Contest aroused the enthusiasm of the majority of employees to "Achieve Career Success by Post Training".

Case: The Second Wind Power Operation and Maintenance Skills Contest

The Group carried out the Second Wind Power Operation and Maintenance Skills Contest in 2017. A total of 69 participants from 23 teams took part in the contest. As a result, BeijingTanghao Power Engineering Technology Research Co., Ltd. won the first place prize as a team; a total of 10 persons including Li Hongbin were awarded the honorary title of "Excellent Technical Expert". Liu Bing and 9 others were awarded the honorary title of "Outstanding Participant".

4.3 Employee Care

The Group follows the people oriented principle. It always focuses on the employees' practical interests, considers and concerns for employees, so as to provide a solid backing for employees. Furthermore, the Group carried out various forms of cultural activities to enrich the cultural and spiritual lives of employees, help them to establish healthy living and working habits, thus enhancing employees' sense of belonging and well-being.

The Group carried out in-depth "Five Small Contests" on production and lives, "Six Mosts" livelihood project, "Young Principle Contribution", etc. in 2017, which provided a typical labor model of enlightening and guiding others, and created an atmosphere of striving to make more contributions based on posts among employees. Meanwhile, the Group carried out various colorful cultural and sports activities such as "Strive to Walking Forward", "Youth Volunteers, Promote Righteousness" youth volunteer activities, "Enjoy Health, Enjoy Work" table tennis contest, "Build Your Dreams by Post Training "operation and maintenance skills contests, and "Happy in Datang, Growing together with Datang" employee caring activity, so as to enrich the amateur cultural lives of employees.

5. SOCIAL RESPONSIBILITY

Without the support from all circles of the society, an enterprise cannot thrive. The Group actively gives play to its own advantages to carry out social responsibility practices, promote industry development, bring along the development of the local economy, and share resources with the community, so as to contribute its efforts to building a harmonious community.

5.1 Promotion of the industry development

The level of standardization is a reflection of the level of the core competitiveness and even comprehensive strength of a country and a company. As the flagship of Datang Group in the field of new energy, the Group took the lead in creating a standardized enterprise marked with the "Standardized and Well-behaved Enterprise" within the industry, and pioneered the *Technical Standard System for Typical Wind Power Enterprises*. It also developed a complete standard system for wind power industry companies, which filled the gap in the industry and provided guidance and reference for the standardization work in the new energy field. It participated in drafting and amending 55 international, national and industry (industry level and higher level) standards as a leading company in the Chinese electrical power industry. The two IEC international standards in optic-thermal field mainly proposed by the Group have been established, which brought a significant breakthrough in the international standardization of the power generation sector in 2017.

The Group gives full play to its technological advantages and industry experiences. It actively participates in and leads the preparation of international, national and industrial standards, and worked together with counterparts within the industry to promote the healthy and orderly development of the industry. In 2017, the Group's branches and subsidiaries located in Heilongjiang Province participated in the Third Exchange Conference of China Hardware Management and Innovation Achievements. During the conference, the jointly drafted Establishment of A Three-dimensional Supervision and Control System based on Omni-directional Data Acquisition and Analysis won the first prize, the Seamless Docking of Infrastructure Transfer and Production Supported by Whole Process Control and the Exploration and Practice of Safety Production Management and Control System Based on Goal Oriented Process Evaluation won the third prize.

5.2 Boosting Local Economy

We actively participate in and support the investment activities and services of local government economic and social development projects where the projects are carried out, to promote local economic development, create more employment opportunities for the society, increase the income of local residents, and benefit local people's livelihood. In order to promote the development of related industries, we insist on the attitude of opening up, cooperation, mutual benefit and win-win. We give priority to cooperation with local suppliers and contractors among suppliers and contractors with the same qualifications.

5.3 Public Service Participation

Participating in public welfare, repaying society, and being enthusiastic in philanthropy are three important components of the Group's social responsibility. The Group strongly supports public welfare undertakings, extensively carries out volunteer service activities and bravely assumes the social responsibility as a central enterprise. It fulfills its social responsibilities and actively repays society in various forms such as donation, helping poverty-stricken students, and volunteer services. The Group has donated a total amount of RMB561,000, and 3,657 hours in public welfare activities in 2017.

Case: "Datang Venus Classroom" Activity

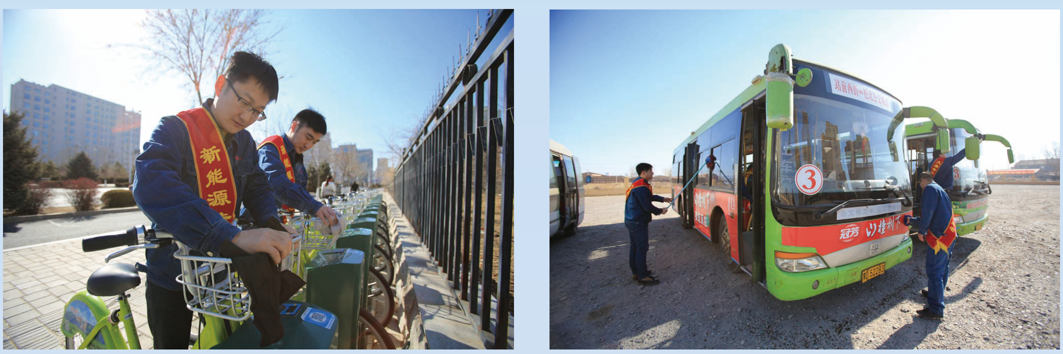
The "Datang Venus Classroom" activity consists of a series of activities organized by the Datang Group. Through demonstration and interactive exchanges, students are taught "Risk of Electric Shock", "Types of Electric Shock", "Safe Use of Electricity and Preventive Measures". And the safe use of electricity in everyday life, such as "Safety Precautions for Household Electricity," "How to maintain safety in thunderstorms,"were taught to students in the form of quizzes, comics, pictures, etc., thus to bring Datang's loving care into campuses. At present, the Group's branches and subsidiaries located in Heilongjiang Province, Mengxi area, and Ningxia Autonomous Region have all carried out the activities in some local primary schools and received widespread acclaim.

"Datang Venus Classroom" program in Heilongjiang Province enters Xiangyang Primary School on 30 November, 2017

“Datang Venus Classroom” program in Mengxi Region enters a local campus

Case: Carry out community-based charity activities

The various branches and subsidiaries under the Group located in Chifeng region have been actively carrying out various social welfare activities for a long time. They organized donations to 13 poverty-stricken students and children, provided assistance to 30 poverty-stricken families, organized 4 public welfare lectures, donated 300 books, carried out many public welfare activities such as joint urban and rural construction and free clinics, organized volunteers to clean bicycles and buses on “Learning from Leifeng Day”, carried out tomb-sweeping activity on Tomb Sweeping Day, and organized volunteers to pass out leaflets, etc. on the Safety Education Day during 2017.



“Learning from Lei Feng Day” Activity

Volunteers are donating money for education

Case: the "Clean Energy Brightening up the Future" Enterprise Open Day Activity

As one of the first batches of leading enterprises involved in PV projects in Delingha City, Datang Delingha New Energy Co., Ltd. organized an Enterprise Open Day Activity in July 2017 with the theme of "Clean Energy Brightening up the Future", which attracted more than 100 visitors from local government, businesses, schools, neighboring residents, and municipal medias. Through this activity, the public has gained a better understanding of the changes of the human environment brought by the power generated from clean energy through the introduction of the development processes of the Company and the demonstration of its production sites to all sectors of society.

Investor Relations

I. EVENTS RELATING TO INVESTOR RELATIONS IN 2017

1. Investors' Routine Visits

During the reporting period, the Group always gave detailed answers to the queries raised by analysts in compliance with the information disclosure rules. As of the end of 2017, the Company had adequate communications and exchange of ideas with investors and analysts from a number of institutions via meetings, telephone calls, emails and WeChat.

2. Participation in Investment Summits

During the reporting period, the Group actively participated in major summits and investment forums in the PRC and Hong Kong organised by world-famous investment banks, at which we had one-on-one or group meetings to promote in-depth communication with important global investors.

3. Results Briefings

During the reporting period, the Group published its 2016 annual results and 2017 interim results in due course. In March 2017, the management of the Company visited Hong Kong to hold a road show for 2016 annual results, organised a press conference, an analysts conference and eight one-on-one meetings with investors. In August 2017, the management of the Company hosted a road show for 2017 interim results in Hong Kong, organised a press conference, an analysts conference and nine one-on-one meetings with investors.

II. OUTLOOK FOR MANAGEMENT OF INVESTOR RELATIONS IN 2018

In 2018, the Group will pay close attention to important policies of the wind power industry and capital market trend, constantly optimize discloseable information taking into account external focus. Based upon required publication of regular announcements, the Group will timely make public discloseable information and continuously improve information disclosure level. By opening a public account for the investors relations, the Group will take advantage of new media to enrich ways for communication with investors at full strain, gradually achieve full-scale interaction between itself, investors and analysts, thereby enhancing the Group's market value management level.

Profile of Directors, Supervisors and Senior Management

I. NON-EXECUTIVE DIRECTORS

Mr. Chen Feihu, born in July 1962, has been a director and president of China Datang Corporation since December 2016. He has been a director, president of China Guodian Corporation and chairman of GD Power Development Co., Ltd. He served as the vice president of China Huadian Corporation and vice chairman of Huadian Power International Corporation Limited*. He served as chief economist and head of the office for structural reform of State Power Corporation, deputy head, head of the general manager service department (office) and head of the structural reform office of State Power Corporation and deputy head of the Department of finance and asset operation in State Power Corporation. He served as the deputy director of economic adjustment department of the Ministry of Electric Power Industry, the assistant to the director of Fujian Provincial Bureau of Electricity Industry. Mr. Chen Feihu started his career since August 1981, and has worked in the Ministry of Electric Power Industry, the Ministry of Water Resources and Electric Power, the Ministry of Energy and China Electricity Council. Mr. Chen Feihu graduated from Renmin University of China and obtained a bachelor's degree in industrial economics. He is currently a senior accountant.

Mr. Liu Guangming, born in December 1971, a post graduate, a member of the Party and a senior engineer. Mr. Liu began his career in September 1993, and had served as the assistant to the director of the Power Transformation Segment, the deputy head of Party committee, the head of administration office and of the Party committee Office of Baoding Electric Power Bureau, a member of directors' and supervisors' office of the personnel and director management department of the State Power Corporation, the deputy head of administration office of leading cadres of human resources department, the head of directors' and supervisors' office, the head of division 2 of administration office of leading cadres of China Huadian Corporation, the assistant to the president of China Huadian Capital Holdings Company Limited, the assistant to the president, vice president and member of Party committee of China Huadian Finance Corporation Limited, the president and deputy head of Party committee of China Datang Finance Co., Ltd. He currently serves as the director of the capital operation and asset management department of China Datang Corporation, a director of Guangxi Guiguan Electric Power Co., Ltd. (廣西桂冠電力股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600236) and Datang Huayin Electric Power Co., Ltd. (大唐華銀電力股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600744), and a non-executive director of Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1272).

Mr. Liang Yongpan, born in March 1966, a post graduate, a member of the Party and a senior engineer. Mr. Liang began his career in August 1988, and had served as the deputy division head and deputy plant head of the production division of Lanzhou No. 2 Thermal Power Factory, president and member of Party committee of Lanzhou Xigu Thermal Power Co., Ltd., member of Party committee, vice president and chairman of the labour union of Datang Gansu Power Generation Co., Ltd., deputy head of planning, investment and financing department of China Datang Corporation, as well as the secretary of Party committee and president of Datang Gansu Power Generation Co., Ltd.. He served as the head of planning and marketing department of China Datang Corporation. He has served as the head of safety and production department of China Datang Corporation since March 2016. Mr. Liang is currently serving as a non-executive director of Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 1272)), Datang Huayin Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600744)), Guangxi Guiguan Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 600236)) and Datang International Power Generation Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601991), the Hong Kong Stock Exchange (stock code: 00991) and London Stock Exchange (stock code: DAT), respectively).

Mr. Liu Baojun, born in April 1961, is a CPC member and senior accountant with a bachelor's degree. Mr. Liu started to work in September 1981 and successively worked as a tester in the testing laboratory and an accountant in the finance division in Baicheng Electric Power Bureau from September 1981 to July 1983. From July 1983 to July 1986, he was released from regular work and studied industrial accounting in the Department of Economics of Jilin Radio and TV University. From July 1986 to November 2004, he successively served in Changshan Thermal Power Plant as an accountant in the finance division, a clerk in the planning division, the deputy chief of the finance division, the head and the chief accountant in the finance department. From November 2004 to November 2006, Mr. Liu successively served as the director of the finance department and the vice chief accountant in Datang Jilin Power Generation Company Limited. From November 2006 to December 2013, he served as the chief accountant in Datang Heilongjiang Power Generation Co., Ltd. From December 2013 to January 2015, he served as the vice director of the capital operation and property management department in China Datang Corporation. Mr. Liu served as the vice president, the chief accountant and a member of the Party committee in Datang Jilin Power Generation Company Limited since January 2015.

Mr. Wang Yeping, born in August 1956, joined the Company in August 2013 and served as the Chairman of the Company. He is now Vice chairman of the Board, general manager and deputy Party chief of China Datang Corporation. Mr. Wang served as the managing director and Party chief of Maoming Power Supply Bureau, Guangdong Province. He was deputy director, Party committee member and leader of Party discipline inspection team of Guangdong Provincial Power Industry Bureau. Also, he was the general manager and deputy Party chief of Guangdong Electric Power Group Corporation. Mr. Wang served as the chairman of board and Party chief in Guangdong Electric Power Group Co., Ltd.. He was director, general manager and Party committee member of China Southern Power Grid Co., Ltd.. Mr. Wang was the vice president and Party committee member in State Electricity Regulatory Commission. Mr. Wang obtained a bachelor's degree and is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC). Mr. Wang resigned as the Chairman of the Board and Non-executive Director the Company on 18 April 2017.

II. EXECUTIVE DIRECTORS

Mr. Zhou Kewen, born in April 1968, joined the Company in March 2017 as the deputy Party secretary of the Company and has been the president of the Company since April 2017. From August 2016 to March 2017, he was the deputy director of human resources department of China Datang Corporation. From January 2015 to August 2016, he served as a deputy director of the supervision department of China Datang Corporation. He was the vice president, a Party committee member, head of the Party discipline inspection team and chairman of the trade union of Datang Jilin Power Generation Company Limited from December 2013 to January 2015, the head of Datang Huichun Power Plant (大唐琿春發電廠) from April 2009 to December 2013, and the director of the planning and marketing department of Datang Jilin Power Generation Company Limited from July 2008 to April 2009. From August 2007 to July 2008, he served as the deputy director of Datang Hulunbeier Project Preparation Division (大唐呼倫貝爾項目籌建處) and the vice president (in charge) of Datang Hulunbeier Chemical Fertiliser Co., Ltd. (大唐呼倫貝爾化肥有限公司), and the vice president (in charge) of Datang Hulunbeier Energy Development Co., Ltd. (大唐呼倫貝爾能源開發有限公司). Mr. Zhou Kewen obtained a bachelor's degree in industrial management engineering from the school of management of Jilin University of Technology (吉林工業大學) in July 1990, and he is currently a senior accountant.

Mr. Jiao Jianqing, born in May 1963, has been a Party committee member and a vice president of the Company since December 2013. He has been a party committee member and a vice president of Shanxi Branch of Datang Corporation from April 2008 to December 2013, director of the equipment management division of the operation safety department of Datang Corporation from January 2005 to April 2008, vice president of Datang Environmental Technology & Engineering Company Limited from December 2003 to January 2005, deputy director of the operation management division of the operation safety department of Datang Corporation from January 2003 to December 2003, and vice president and chief engineer of Beijing Jingfeng Thermal Power Co., Ltd. from June 2001 to January 2003. From October 1998 to June 2001, he served as the deputy head and chief engineer of No. 3 Thermal Power Plant of Beijing. From July 1995 to October 1998, he served as the chief engineer of No. 3 Thermal Power Plant of Beijing. From February to July 1995, he served as the deputy chief engineer of Beijing Shijingshan Power Plant. From April 1993 to February 1995, he served as the deputy director of the Power Generation Division of Beijing Shijingshan Power Plant. From September 1991 to April 1993, he served as a professional turbine engineer at the Production Office of Beijing Shijingshan Power Plant. From September 1986 to September 1991, he served as a professional turbine engineer at the Production Technology Section of Beijing Shijingshan Power Plant. From May 1984 to September 1986, he was a technician of the speed governing shift under the turbine team of and a technician of the turbine team of the Maintenance Division of Beijing Shijingshan Power Plant. From August 1983 to May 1984, he was a worker with the turbine team of Jingxi Power Station of Beijing Shijingshan Power Plant. Mr. Jiao Jianqing studied in Huazhong College of Science and Technology from September 1979 to July 1983 and obtained a bachelor's degree in thermal power of power plant. From September 2000 to July 2003, he studied in North China Electric Power University and obtained a bachelor's degree in management engineering. He is currently a senior engineer.

Mr. Hu Guodong, born in October 1963, joined the Company in August 2004 and began to serve as the executive Director of the Company since December 2012. Mr. Hu has been the vice president of the Company (Former China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源有限責任公司)) since November 2009, the Board secretary and one of the joint company secretaries of the Company from July 2010 to August 2012, the president of Datang Xilin Gol Wind Power Generation Co., Ltd., Datang Laizhou Wind Power Generation Co., Ltd., Datang Zhangbei Wind Power Generation Co., Ltd. and Datang Bayannur Wind Power Generation Co., Ltd. from March 2007 to November 2009, and the vice president of the Company (Former Datang Chifeng Saihanba Wind Power Generation Co., Ltd. (大唐赤峰塞罕壩風力發電有限公司)) from August 2004 to March 2007. Prior to joining the Company, Mr. Hu worked successively as the shifter of power generation department of Yuanbaoshan Power Plant, vice chief of Operation Branch of Yuanbaoshan Power Plant and president of Railway Operation Company of Yuanbaoshan Power Plant from August 1982 to December 2003. Mr. Hu graduated in 2005 from Dalian University of Technology with a master degree in business administration. Mr. Hu is also a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC). Mr. Hu resigned as the executive Director of the Company on 18 April 2017.

III. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Chaoan, born in March 1956, joined the Company as an independent non-executive Director in July 2010. Mr. Liu has been the chairman of the board of China Power Engineering Consulting Corporation North China Power Engineering Co., Ltd. ("NCPE," a company mainly providing engineering design, consulting and other related services to the power companies in the PRC) since December 2009 and served as the chairman of the board of North China Power Engineering (Beijing) Co., Ltd. (a subsidiary of NCPE) from December 2005 to December 2009 and vice president of North China Power Engineering Co., Ltd. from October 2000 to December 2005. He also served as an independent non-executive director of Datang International Power Generation Co., Ltd. from January 2007 to July 2010. Mr. Liu worked as a technician in Beijing Electric Power Design Institute in 1980 and successively worked as the professional section chief, deputy division chief, assistant to president of North China Electric Power Design Institute (predecessor of NCPE). Mr. Liu graduated from the Geological Institute of Jilin University in 1980 majoring in hydrogeology and obtained double bachelor degree in management engineering from Business Administration School of North China Electric Power University in 2001. Mr. Liu holds the attestation qualification of Registered Consulting Engineer, Registered Civil Engineer (Geotechnical), Certified Senior Project Manager of International Project Management Association (IPMA Level B) and Royal Institution of Chartered Surveyors (FRICS) membership, Chartered Builder of the Chartered Institute of Building (FCIOB) and is a professor-grade senior engineer (教授級高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Lo Mun Lam, Raymond, born in September 1953, has been an independent non-executive Director since he joined the Company in August 2013. Mr. Lo, served as an executive director and co-managing partner of South Asian Investment Management Company from 21 January 2002 to 2014 and currently serves as an executive director and the licensee of SPDB International Holdings Limited, an investment bank of Shanghai Pudong Development Bank. Trained as a Chartered Accountant in England & Wales, he also qualified as a Canadian Chartered Accountant and also the member of International Bar Association. Mr. Lo is now pursuing a doctorate in law in the University of California and is licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for providing Type 6 (corporate finance) advisory. He held directorate level and strategist positions with multinational financial and emerging companies internationally. He served as former chairman of the board of directors and an independent non-executive director (resigned in August 2013) of Luk Fook Holdings (International) Limited (stock code: 00590), the former vice chairman and a non-executive director of The Asian Capital Resources (Holdings) Limited (stock code: 08025), a former non-executive director and the chairman of audit committee (resigned in 2014) of Guangshen Railway Co., Ltd. (stock code: 00525). He is currently an independent non-executive director of Shanghai Zendai Property Limited (stock code: 00755) (resigned in June 2015). Mr. Lo graduated from the University of Wisconsin-Madison in business administration and obtained a master degree in law from at the University of Hong Kong, also obtained the certificate for postgraduate of sustainable development courses of Cambridge University and achieved certification of independent non-executive director qualified by SSE (Shanghai Stock Exchange).

Mr. Yu Shunkun, born in May 1963, holds a doctorate in management from the School of Economics and Management of North China Electric Power University. He has been a professor and doctoral supervisor with the School of Economics and Management of North China Electric Power University since July 1991. From September 1983 to July 1991, Mr. Yu was a teacher with the Department of Business Administration of Communication University of China. Being long engaged in the teaching administration in human resources management major, Mr. Yu was one of the "First Batch Trans-century Academic Leader Candidates of the Electric Power Ministry of China" (電力部首批跨世紀學術帶頭人培養對象) and "Excellent Backbone Youth Teachers of Beijing" (北京市優秀青年骨幹教師). Mr. Yu has a considerable academic standing and influence in his expertise filed and holds various social positions, mainly including: the visiting professor of various universities such as Tsinghua University, Peking University and Zhejiang University and the visiting research fellow of Chinese Academy of Personnel Science (中國人事科學研究院客座研究員).

IV. SUPERVISORS

Mr. He Hua, born in May 1957, has been the chairman of the supervisory committee of the Group since June 2014. Mr. He served as the director of the audit department of China Datang Corporation from December 2013 to December 2016, the secretary of Party leadership group and the vice president from March 2012 to December 2013 and the secretary of general branch of committee of the Party of China and vice president of China Datang Financial Co., Ltd. (中國大唐集團財務有限公司) from December 2005 to March 2012. He served as the chief accountant of Center China Grid Co., Ltd. (華中電網有限公司) from June 2004 to December 2005 and the chief auditor of the State Grid Henan Electric Power Company (河南省電力公司) from December 2001 to June 2004. From November 1996 to December 2001, he took a post in the audit department and served as the director of the audit division III of State Power Corporation (國家電力公司). From February 1989 to November 1996, he served as the director of the economic management department and planning and finance department and the chief accountant of Changsha Electric Power Bureau of Hunan Province (湖南省長沙電業局). Mr. He obtained his master degree from graduate school of Chinese Academy of Sciences. He is currently a senior accountant (高級工程師) (a senior title for professional and technical qualification in accounting industry in the PRC). Mr. He resigned as a chairman of the board of supervisors on 27 June 2017.

Mr. Chen Weiqing, born in January 1977, has been the employee representative supervisor of the Group since December 2015. He was a Party committee member and head of the Party discipline inspection team of the Company from October 2015 to December 2016, and the deputy chief economist of the Company and president of the Datang Shandong Renewable Power Co., Ltd. from October 2014 to October 2015. From March 2009 to October 2014, Mr. Chen successively served as vice director and director of the financial and property management department, director of planning and investment financing department, deputy chief economist and director of Datang Shandong Wind Power Generation Co., Ltd.. Mr. Chen served as vice president as well as member of the Party committee of Shandong Huangdao Power Corporation from February 2008 to March 2009. Mr. Chen successively served as operator of the workshop, secretary and vice director of the office, vice director of the office and general duty office, director of the administrative office, vice director of the factory as well as director of the office, and vice director of the factory of Huangdao Power Plant from August 1999 to February 2008. Mr. Chen obtained his bachelor of business administration degree from Harbin Institute of Technology. He is currently an engineer. Mr. Chen resigned as the employee representative supervisor on 27 June 2017.

Mr. Tong Guofu, born in October 1968, has been a supervisor since he joined the Company in October 2014 and the vice director of the financial and property management department of Datang Jilin Power Generation Company Limited since January 2014. Mr. Tong successively served as manager and senior manager of the financial department of Datang Jilin Power Generation Company Limited, chief accountant of Datang Changchun No. 2 Co-generation Power Co.,Ltd., chief accountant of Preparation Team of Datang Changchun No. 3 Cogeneration Power Plant, chief accountant of Datang Changchun No. 3 Co-generation Power Plant, vice president and chief financial officer of Datang Jilin Wind Power Generation Co., Ltd. as well as vice director of Preparation Team of Datang Songyuan Power Generation Project from January 2005 to January 2014. Mr. Tong graduated from Changsha Normal College of Hydraulic and Electric Engineering with a bachelor's degree of of economics in Accounting and currently is a senior accountant (高級會計師) (a senior title for professional and technical qualification in accounting industry in China). Mr. Tong resigned as a supervisor on 27 June 2017.

Ms. Huo Yuxia, born in June 1965, has been the chairman of the supervisory committee of the Group since June 2017. She is the deputy director of the audit department of CDC since August 2016. From July 1986 to August 2016, she had served successively as the deputy manager, manager of planning and finance department, vice chief accountant and manager of planning and finance department of Yangcheng International Power Generation Co., Ltd. (陽城國際發電有限責任公司); the deputy director (in charge), director of finance department, vice chief accountant and director of finance department, chief accountant, Party committee member of Shanxi Branch of Datang. Ms. Huo Yuxia graduated from Taiyuan University of Technology (太原工業大學) with a bachelor's degree of engineering in electric power system and automation in July 1986. She is a senior economist (高級經濟師).

Ms. Ding Yu, born in June 1972, has been a supervisor since she joined the Group in June 2017. She is the deputy director of financial management department of Datang Jilin since March 2017. From December 2016 to March 2017, she served as the deputy director of planning and marketing department of Datang Jilin. She held the post of chief accountant of Datang Changshan Thermal Power Plant from January 2014 to December 2016. She took special responsibilities in supervision and audit department of Datang Jilin from January 2013 to January 2014. From July 2007 to January 2013, she held the positions as the deputy director (in charge) of finance department and director of the multiproduction finance department of the multi-operation headquarter (多經總公司多產財務部) of Datang Changchun No. 2 Co-generation Power Co., Ltd. She took charge of accountancy, taxation and project management of finance department of Datang Changchun No. 2 Co-generation Power Co., Ltd. from March 1998 to July 2007. Ms. Ding Yu graduated from the Department of Economics of Northeast Normal University in July 1997 majoring in enterprise management and obtained a bachelor's degree of economics (distance-learning). She is a senior accountant (高級會計師).

Mr. Meng Lingbin, born in April 1962, has been a supervisor since he joined the Group in June 2017. He has been a vice president since he joined the Group in January 2007, and a Party committee member, vice president and chairman of the trade union of the Group since February 2015. Mr. Meng was the Party committee member and vice president of the Group from January 2007 to February 2015. Prior to joining the Group, Mr. Meng successively worked as deputy chief engineer and chief of production department of Electric Power Bureau of Chifeng, the deputy chief of Electric Power Bureau of Chifeng and the vice president of Dongdian Maolin Wind Energy Development Co., Ltd. from April 1998 to January 2007. Mr. Meng graduated in 2002 from Northeast Electric Power University with a bachelor degree in electrical engineering and automation. He is a senior engineer (高級工程師) (a title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Shang Yuansheng, born in October 1971, successively acted as the deputy director and director of the human resources department of the Company since July 2010. From January 2004 to August 2010, he served as the deputy director of the labor organization office of the human resources department of the Northeast China Power Grid Company Ltd. (東北電網有限公司). From October 2001 to January 2004, he was engaged in the management of social insurance at the human resources department of Northeast China Power Grid Company Ltd.. From December 1995 to October 2001, he was responsible for the management of social insurance at the personnel and labor department of Liaoning Power Generation Plant (遼寧發電廠). He was engaged in electrical operation at the second branch of Liaoning Power Generation Plant (遼寧發電廠) from July 1994 to December 1995. Mr. Shang graduated in March 2011 from North China Electric Power University (華北電力大學) with a degree of Master of Engineering in project management of school of economics and management and currently is a senior economist.

V. SENIOR MANAGEMENT

Mr. Zhou Kewen, born in April 1968, joined the Company in March 2017 as the deputy Party secretary of the Company and has been the president of the Company since April 2017. From August 2016 to March 2017, he was the deputy director of human resources department of China Datang Corporation. From January 2015 to August 2016, he served as a deputy director of the supervision department of China Datang Corporation. He was the vice president, a Party committee member, head of the Party discipline inspection team and chairman of the trade union of Datang Jilin Power Generation Company Limited from December 2013 to January 2015, the head of Datang Huichun Power Plant (大唐琿春發電廠) from April 2009 to December 2013, and the director of the planning and marketing department of Datang Jilin Power Generation Company Limited from July 2008 to April 2009. From August 2007 to July 2008, he served as the deputy director of Datang Hulunbeier Project Preparation Division (大唐呼倫貝爾項目籌建處) and the vice president (in charge) of Datang Hulunbeier Chemical Fertiliser Co., Ltd. (大唐呼倫貝爾化肥有限公司), and the vice president (in charge) of Datang Hulunbeier Energy Development Co., Ltd. (大唐呼倫貝爾能源開發有限公司). Mr. Zhou Kewen obtained a bachelor's degree in industrial management engineering from the school of management of Jilin University of Technology (吉林工業大學) in July 1990, and he is currently a senior accountant.

Ms. Mi Keyan, born in April 1966, joined the Group in December 2013. She was the Secretary of Party Committee and the vice president of the Group (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Limited) from December 2015 to date. She served as the employee representative supervisor of the Group from June 2014 to December 2015. She has been a Party committee member and leader of discipline inspection team of the Group from February 2015 to October 2015. She was a Party committee member and leader of discipline inspection team of the Party committee and chairman of the trade union of the Group from December 2013 to February 2015. She was a Party committee member and leader of discipline inspection team and chairman of the trade union of Datang Environmental Technology & Engineering Company Limited (大唐環境科技工程有限公司) from December 2005 to December 2013, and assistant to the president of Datang Environmental Technology & Engineering Company Limited from January to December 2005. From January 2003 to January 2005, she successively served as the vice director (in charge of work) and director of the supervision division II of the supervision department of China Datang Group Corporation. From July 1996 to January 2003, she was the director of office II of the discipline inspection team (supervision division) of Huabei Electric Power Group. Ms. Mi graduated from Chongqing University with a degree of bachelor of engineering in power system and automation in July 1988 and is a senior political officer (高級政工師) (a senior title of qualification of specialty and technology for political science professionals in the PRC).

For biographical details of Mr. Jiao Jianqing, please refer to the section headed "Profile of Directors, Supervisors and Senior Management – II. EXECUTIVE DIRECTORS" of this report.

For biographical details of Mr. Meng Lingbin, please refer to the section headed "Profile of Directors, Supervisors and Senior Management – IV. SUPERVISORS" of this report.

Mr. Chen Song, born in May 1968, has been a Party committee member and the chief accountant (chief financial officer) of the Group (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Limited) since February 2013. He has been the director of the financial department of Datang International Power Generation Co., Ltd. From December 2012 to January 2014, director of phase II construction preparation department of Honghe Power Company (紅河發電公司) from May 2010 to December 2013, and president of Yunnan Datang International Honghe Power Generation Company Limited from November 2009 to December 2013. From November 2006 to November 2009, Mr. Chen successively served as the deputy manager, vice president and vice director of the financial department of Datang International. From December 2004 to November 2006, he successively served as the plant manager assistant, deputy plant manager and chief accountant of Beijing Gao Jing Thermal Power Plant. He served as the chief financial officer of Hebei Huaze Hydropower Development Company Limited from May 2004 to January 2005. From August 2000 to December 2004, Mr. Chen successively served as vice director of the funds division and director of property funds division of the financial department of Beijing Datang Power and director of property funds division of the financial department of Datang International. Mr. Chen graduated from Xiamen University with a degree of bachelor of economics in accounting in July 1991. He is a senior accountant (高級會計師) (a senior title of qualification of speciality and technology for accounting professionals in the PRC).

Mr. Zhao Zonglin, born in March 1965, has been the chief engineer of the Group (previously named Datang Chifeng Saihanba Wind Power Generation Co., Ltd. and then China Datang Corporation Renewable Power Co., Limited) since December 2013. He served as the deputy chief engineer and the director of the project management department of the Group from February 2012 to January 2014, director of the project department of the Group from October 2007 to December 2013. From August 1998 to October 2007, he successively worked as the president, director of the production technology department, director of the engineering department of construction division, deputy chief of construction division of Nuantong Company under Yuanbaoshan Power Plant (元寶山發電廠暖通公司). From July 1989 to August 1998, he served as an engineer of the Steam Engine Branch, deputy head of Hydropower and Engineering Branch and Chemical Branch under Yuanbaoshan Power Plant. Mr. Zhao graduated from North China Electric Power University with a master's degree and is a senior engineer (高級工程師) (a senior title of qualification of speciality and technology for engineering professionals in the PRC).

Mr. Cui Jian, born in July 1975, has been the director of Planning and Marketing Department of the Company since January 2012. Mr. Cui Jian served as the deputy director of the Capital Operation and Equity Management Department of the Company from February 2011 to January 2012. He served successively as project manager of the Renewable Energy Department, the deputy director of the Planning and Developing Department and deputy director of the Marketing and Sales Department of China Datang Technologies & Engineering Co., Ltd. from April 2007 to February 2011, during which, he was temporarily transferred to the Company to assist on the Company's listing process of H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since February 2010 until the Company's successful listing in December 2010. Before that, he served successively as the account manager of Shangbu Sub-branch, deputy manager of Credit Business Department, the manager of Risk Department and assistant to president of Donghu Sub-branch of Shenzhen Branch of China Construction Bank Corporation from July 1999 to April 2007. From September 1995 to July 1999, Mr. Cui Jian studied at the Business Administration School of Northeast Normal University (東北師範大學) majored in Economic Management and obtained his bachelor's degree in July 1999. From September 2006 to July 2008, Mr. Cui Jian studied at the Economics School of Jilin University (吉林大學) majored in World Economy and obtained his master's degree in July 2008.

I. PROFILE OF HUMAN RESOURCES

As of 31 December 2017, the Group had 3,117 employees in total, with average age of the employees of 33.6, including1,062 employees aged under 30, representing 34.1% of the total; 1,307 employees aged from 30 to 40, representing 41.9% of the total number of employees; 549 employees aged from 41 to 50, representing 17.6% of the total number of employees; and 199 employees aged above 50, representing 6.4% of the total number of employees.

II. STAFF INCENTIVES

Based on its development needs, the Group clearly defined targets for various posts and further established and improved the mechanism of total responsibility management and whole staff performance assessment system. Through decomposing and assigning tasks in the Group's development plans to each post, establishing performance goals for different positions and performance standards, the Group could assess each employee's performance of his or her duties accordingly in an objective and accurate manner, and score each employee based on the quantified assessment results. Incentives and penalties then would be reflected in the performance portion of employees' remuneration. In this way, the Group was able to stimulate employees' potential, arise their enthusiasm and make clear of its approach of stressing on both motivations and regulations, which has laid a solid foundation for staff career development.

III. STAFF REMUNERATION POLICY

Staff's remuneration comprises basic salary and performance salary. The performance salary is determined according to the assessment of performance of the whole staff.

IV. STAFF TRAINING

Guided by the concept of "value-based, efficiency-oriented", the Company actively carried out the plan of building a strong enterprise relying on talents and vigorously worked on building up talents teams in management, technical and skilled personnel. It aimed to gradually establish and improve the talents cultivation system with its characteristics through "fostering, selecting, motivating and utilizing" talents, thus enabling the talents to play important roles in the development of the Company.

In 2017, the Group provided 1,501 training programmes on business management, professional techniques and production skills for a total of 34,692 persons/times, with 100% employees attending the trainings.

V. GUARANTEE OF STAFF RIGHTS

The Group strictly complies with the Labour Law of the PRC and the Labour Contract Law of the PRC and makes contributions to social insurance and housing provident fund for employees according to these laws, among which the social insurance includes basic pension insurance, medical insurance, occupational injury insurance, unemployment insurance and maternity insurance.

EY 安永

To the shareholders of China Datang Corporation Renewable Power Co., Limited
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Datang Corporation Renewable Power Co., Limited (the "Company") and its subsidiaries (the "Group") set out on pages 121 to 245, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss, the consolidated statement of 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, 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 of property, plant and equipment and concession assets	
Certain wind farms in production of the Group suffered continuous losses in recent years as a result of the wind curtailment arising from the lack of local electricity demand and electricity transmission capacity in Northeastern China, Inner Mongolia, Gansu and Ningxia provinces, and certain wind and energy management projects under development or construction have been suspended. Also, subject to the corporation with the government's environment protection, a wind farm of a subsidiary of the Group ceased its electricity generation. Impairment indicators were identified for the Group's property, plant and equipment and concession assets. The Group performed impairment tests for the relevant cash-generating units ("CGUs"), for which impairment indicators were identified. The carrying amount of the property, plant and equipment and concession assets under the relevant CGUs as of 31 December 2017 was material to the consolidated financial statements. The assessment of the CGUs' value-in-use and fair values was complex and involved significant judgement by management, subjective assumptions and estimation uncertainty. The Group's disclosures about the impairment of property, plant and equipment and concession assets are included in notes 3, 12 and 13 to the consolidated financial statements.	We performed audit procedures on the key assumptions and methodologies used by management. We evaluated the forecasted cash flows made by management with reference to the long-term strategic plans that were approved by management and assessed the key assumptions adopted, such as the production capacity and operating costs by comparing historical information and adjustment factors, and electricity prices by checking to the approval from the National Development and Reform Commission on the on-grid price of the wind power industry in the region. Our assessment also based on our understanding of the current market conditions and the latest government policy. We assessed the recoverable amount of concession assets based on fair values less costs of disposal. We also involved our internal valuation specialists to assist the assessment of the methodologies and discount rates applied in the cash flows forecast. We also assessed the adequacy of the Group's disclosures included in notes 3, 12 and 13 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Collectability of long-aged receivables	
Certain long-aged receivables which aged over three years mainly comprised receivables from Clean Development Mechanism ("CDM") projects, equipment sales, services provision and proceeds from disposals of projects. The balance of these long-aged receivables as of 31 December 2017 was material to the consolidated financial statements and the assessment on the collectability of the long-aged receivables involved significant judgement and estimation by management. The Group's disclosures about the collectability of long-aged receivables are included in notes 3, 18 and 20 to the consolidated financial statements.	We reviewed settlement agreements, obtained direct confirmations from some debtors, and reviewed subsequent cash receipt evidence on a sampling basis. We evaluated the assumptions used by management in calculating the impairment amount of the receivables for the current year, by evaluating the credit status, financial conditions and reputation of the debtors, history of payments by the debtors, and the enforceability of the underlying contracts, and subsequent arrangements with the debtors. We also assessed the adequacy of the Group's disclosures included in notes 3, 18 and 20 to the consolidated financial statements.

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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- 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.

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

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

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

From the matters communicated with the 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 Tong Ka Yan Augustine.

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2018

Consolidated Statement of Profit or Loss

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2017	2016
Revenue	4	7,104,089	5,786,126
Other income and other gains, net	5	204,383	189,246
Depreciation and amortisation charges	6	(3,159,002)	(2,829,597)
Employee benefit expenses	6	(465,377)	(448,851)
Material costs		(56,410)	(40,075)
Repairs and maintenance expenses		(185,556)	(204,494)
Service concession construction costs		(7,177)	(5,688)
Other operating expenses		(567,034)	(331,837)
		(4,440,556)	(3,860,542)
Operating profit		2,867,916	2,114,830
Finance income	7	19,358	17,792
Finance expenses	7	(1,889,336)	(1,753,044)
Finance expenses, net	7	(1,869,978)	(1,735,252)
Share of profits and losses of associates and joint ventures	15	61,074	21,511
Profit before tax		1,059,012	401,089
Income tax expense	8	(156,342)	(108,315)
Profit for the year		902,670	292,774
Profit attributable to:			
Owners of the parent		727,678	198,199
Non-controlling interests		174,992	94,575
		902,670	292,774
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	9	0.0841	0.0272

Consolidated Statement of Comprehensive Income

Year ended 31 December 2017
(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	2017	2016
Profit for the year		902,670	292,774
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in the subsequent periods:			
Exchange differences on translation of foreign operations		326	1,705
Share of other comprehensive income of joint ventures		(235)	–
Other comprehensive income not to be reclassified to profit or loss in the subsequent periods:			
(Loss)/profit arising on revaluation of financial assets at fair value through other comprehensive income	16	(9,159)	28,236
Total other comprehensive income for the year		(9,068)	29,941
Total comprehensive income for the year		893,602	322,715
Total comprehensive income for the year attributable to:			
Owners of the parent		718,568	227,984
Non-controlling interests		175,034	94,731
		893,602	322,715

Consolidated Statement of Financial Position

31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	12	58,087,880	57,914,108
Investment properties		21,468	20,766
Intangible assets	13	634,941	806,932
Land use rights	14	543,625	476,800
Investments in associates and joint ventures	15	738,985	686,129
Financial assets at fair value through other comprehensive income	16	375,717	384,876
Financial assets at fair value through profit or loss		8,900	8,900
Deferred tax assets	17	24,137	34,330
Prepayments and other receivables	18	2,390,585	2,828,640
Total non-current assets		62,826,238	63,161,481
Current assets			
Inventories	19	137,924	114,480
Trade and bills receivables	20	5,042,390	2,800,515
Prepayments and other receivables	18	1,262,365	1,536,919
Restricted cash	21	15,411	12,385
Time deposits	21	40,000	–
Cash and cash equivalents	21	1,223,920	1,166,209
Total current assets		7,722,010	5,630,508
Total assets		70,548,248	68,791,989

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2017	2016
LIABILITIES			
Current liabilities			
Trade and bills payables	22	1,428,971	2,362,155
Accruals and other payables	23	6,428,766	7,928,370
Interest-bearing bank and other borrowings	24(b)	13,314,502	10,166,305
Current income tax liabilities		89,616	53,774
Total current liabilities		21,261,855	20,510,604
Net current liabilities		(13,539,845)	(14,880,096)
Non-current liabilities			
Interest-bearing bank and other borrowings	24(a)	34,507,216	34,159,937
Deferred tax liabilities	17	22,033	24,159
Accruals and other payables	23	388,250	391,493
Total non-current liabilities		34,917,499	34,575,589
Total liabilities		56,179,354	55,086,193
Net assets		14,368,894	13,705,796
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	7,273,701	7,273,701
Share premium	25	2,080,969	2,080,969
Perpetual notes payable	26	1,979,325	1,979,325
Retained earnings		1,426,340	964,067
Other reserves	27	(1,366,186)	(1,418,747)
		11,394,149	10,879,315
Non-controlling interests		2,974,745	2,826,481
Total equity		14,368,894	13,705,796

Zhou Kewen	Chen Song
Director	*Chief Financial Officer*

Consolidated Statement of Changes in Equity

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent							
	Share capital *(Note 25)*	Share premium *(Note 25)*	Perpetual notes payable *(Note 26)*	Retained earnings	Other reserves *(Note 27)*	Total	Non-controlling interests	Total equity
At 1 January 2017	7,273,701	2,080,969	1,979,325	964,067	(1,418,747)	10,879,315	2,826,481	13,705,796
Comprehensive income for the year								
Profit for the year	–	–	–	727,678	–	727,678	174,992	902,670
Other comprehensive income								
Share of other comprehensive income of joint ventures	–	–	–	–	(235)	(235)	–	(235)
Loss arising on revaluation of financial assets at fair value through other comprehensive income *(Note 16)*	–	–	–	–	(9,159)	(9,159)	–	(9,159)
Exchange differences related to foreign operations	–	–	–	–	284	284	42	326
Total comprehensive income for the year	–	–	–	727,678	(9,110)	718,568	175,034	893,602
Capital contributions	–	–	–	–	–	–	16,098	16,098
Appropriation to perpetual notes holders *(Note 26)*	–	–	–	(116,000)	–	(116,000)	–	(116,000)
Dividends paid to owners of the parent *(Note 10)*	–	–	–	(87,284)	–	(87,284)	–	(87,284)
Transfer from retained profits	–	–	–	(61,671)	61,671	–	–	–
Others	–	–	–	(450)	–	(450)	(300)	(750)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(42,568)	(42,568)
	–	–	–	(265,405)	61,671	(203,734)	(26,770)	(230,504)
At 31 December 2017	7,273,701	2,080,969	1,979,325	1,426,340	(1,366,186)	11,394,149	2,974,745	14,368,894

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the parent							
	Share capital *(Note 25)*	Share premium *(Note 25)*	Perpetual notes payable *(Note 26)*	Retained earnings	Other reserves *(Note 27)*	Total	Non-controlling interests	Total equity
At 1 January 2016	7,273,701	2,080,969	1,979,325	913,443	(1,481,976)	10,765,462	2,813,602	13,579,064
Comprehensive income for the year								
Profit for the year	–	–	–	198,199	–	198,199	94,575	292,774
Other comprehensive income								
Profit arising on revaluation of financial assets at fair value through other comprehensive income *(Note 16)*	–	–	–	–	28,236	28,236	–	28,236
Exchange differences related to foreign operations	–	–	–	–	1,553	1,553	152	1,705
Total comprehensive income for the year	–	–	–	198,199	29,789	227,988	94,727	322,715
Capital contributions	–	–	–	–	–	–	21,152	21,152
Disposal of subsidiaries *(Note 33)*	–	–	–	–	–	–	(150)	(150)
Share of reserves of investments in associates and joint ventures *(Note 15)*	–	–	–	–	1,865	1,865	–	1,865
Appropriation to perpetual notes holders *(Note 26)*	–	–	–	(116,000)	–	(116,000)	–	(116,000)
Transfer from retained profits	–	–	–	(31,575)	31,575	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(102,850)	(102,850)
	–	–	–	(147,575)	33,440	(114,135)	(81,848)	(195,983)
At 31 December 2016	7,273,701	2,080,969	1,979,325	964,067	(1,418,747)	10,879,315	2,826,481	13,705,796

Consolidated Statement of Cash Flows

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2017	2016
Cash flows generated from operating activities			
Profit before tax		1,059,012	401,089
Adjustments for:			
Depreciation of property, plant and equipment	6	3,099,197	2,795,251
Amortisation of deferred income and deferred losses	6	(12,028)	(11,309)
Amortisation of intangible assets, land use rights and long-term prepaid expenses	6	71,833	45,655
Loss on disposal of property, plant and equipment	5	7,872	1,704
Provision for impairment of receivables	6	7,394	12,285
Provision for impairment of intangible assets	6	158,603	–
Foreign exchange (gain)/loss, net		(3,765)	10,456
Interest income	7	(16,621)	(14,808)
Interest expenses	7	1,894,629	1,741,878
Share of profits and losses of associates and joint ventures	15	(61,074)	(21,511)
Others, net		(4,389)	(14,285)
Changes in working capital:			
Increase in inventories		(23,444)	(66,272)
Increase in trade and bills receivables		(2,242,763)	(1,541,414)
Decrease/(increase) in prepayments and other receivables		118,984	(2,846,390)
Increase in restricted cash		(3,026)	(7,660)
(Decrease)/increase in trade and bills payables		(933,184)	1,043,852
Increase in accruals and other payables		185,147	2,468,555
Cash generated from operations		3,302,377	3,997,076
Interest received		12,630	13,640
Income tax paid		(110,471)	(127,785)
Net cash flows from operating activities		3,204,536	3,882,931

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2017

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2017	2016
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights and intangible assets		(4,502,828)	(6,081,540)
Proceeds from disposal of property, plant and equipment		4,972	21,139
Proceeds from repayments of loans from third parties		25,000	65,000
Proceeds from repayments of loans and interest earned from related parties		3,991	375,096
Investments in associates and joint ventures	15	(10,017)	(20,335)
Dividends received from financial assets at fair value through other comprehensive income	5	4,380	3,348
Receipt of government grants for property, plant and equipment		886	–
Proceeds from disposal of subsidiaries	33	500	2,895
Increase in time deposits	21	(40,000)	–
Dividends received from associates	15(b)	–	18,000
Net cash flows used in investing activities		(4,513,116)	(5,616,397)

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	2017	2016
Cash flows from financing activities			
Proceeds from issuance of green corporate bonds, net of issuance costs		–	1,996,620
Proceeds from issuance of short-term bonds, net of issuance costs		10,997,461	5,990,333
Capital contributions from non-controlling interests		16,098	21,152
Proceeds from borrowings		23,799,811	18,169,407
Repayments of borrowings		(20,670,586)	(14,289,395)
Repayments of short-term bonds		(10,500,000)	(8,200,000)
Loans from related parties		8,919,000	8,453,040
Repayments of loans from related parties		(9,099,265)	(8,147,237)
Dividends paid to perpetual notes holders		(116,000)	(116,000)
Dividends paid to shareholders		(126,175)	(136,759)
Interest paid		(1,838,197)	(1,901,645)
Repayments of working capital provided by related parties		(16,000)	(16,000)
Net cash flows from financing activities		1,366,147	1,823,516
Net increase in cash and cash equivalents		57,567	90,050
Cash and cash equivalents at beginning of year		1,166,209	1,077,788
Effect of foreign exchange rate changes, net		144	(1,629)
Cash and cash equivalents at end of year		1,223,920	1,166,209
Analysis of balance of cash and cash equivalents:			
Cash and bank balances	21	1,223,920	1,166,209
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,223,920	1,166,209

1. CORPORATE INFORMATION

China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源股份有限公司) (the "Company") was established as a joint stock company with limited liability in the People's Republic of China (the "PRC") on 9 July 2010, as part of the reorganisation of the wind power generation business of China Datang Group Corporation Limited (中國大唐集團有限公司) ("Datang Corporation"), a limited liability company established in the PRC and controlled by the PRC government. At 31 December 2017, in the opinion of the directors, the ultimate holding company of the Company was Datang Corporation.

The Company and its subsidiaries (together, the "Group") are principally engaged in generation and sale of wind power and other renewable power.

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") in December 2010.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Going concern

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB13,539.8 million (31 December 2016: RMB14,880.1 million). The Group meets its day to day working capital requirements from cash generated from its operating activities and available financing facilities from banks. The following are the Group's available sources of funds considered by the directors of the Company:

- The Group's expected net cash inflows from operating activities in 2018;
- Unutilised banking facilities of approximately RMB43,927.7 million (Note 30.1(c)) as at 31 December 2017, of which amounts in aggregate of RMB20,845.0 million are not subject to renewal during the next 12 months from the end of the reporting period. At the date of these financial statements, the directors of the Company were of the opinion that such covenants of unutilised banking facilities have been complied with and are confident that these banking facilities could be renewed upon expiration based on the Group's good credit standing; and
- Other available sources of financing from banks and other financial institutions given the Group's credit history.

The directors of the Company believe that the Group has adequate resources to continue operation and to repay its debts when they fall due for the foreseeable future of not less than 12 months from the end of the reporting period. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. 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.

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:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- 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 ("OCI") are attributed to the owners of the parent 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.2 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 the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any resulting surplus or deficit in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12 included in *Annual Improvements to IFRSs 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

Except the disclosure requirements upon adoption of amendments to IAS 7, none of the above amendments to IFRSs has had a significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

Amendments to IAS 7 *Disclosure Initiative*

Amendments to IAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 34 to the financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (Continued)

Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to IAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Clarification of the Scope of IFRS 12*

Amendments to IFRS 12 clarify that the disclosure requirements in IFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of IFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group did not have any disposal group held for sale at the end of the year.

(Amounts expressed in thousands of RMB unless otherwise stated)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*[1]
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*[1]
IFRS 9	*Financial Instruments*[1]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[1]
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[2]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
Annual Improvements 2014–2016 Cycle	*Amendments to IFRS 1 and IAS 28*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 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.

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt IFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group performed a detailed assessment of the impact of the adoption of IFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The effect of adoption on the Group's financial statements is not expected to be material.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 January 2016 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 IFRS 15 and Clarifications to IFRS 15 *Revenue from Contracts with Customers*

IFRS 15, issued in May 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In April 2016, the IASB issued amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in IFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of IFRS 15 will not be material. After processing five-step model to contracts, the expected changes in accounting policies, as further explained below, will have no material impact on the Group's financial statements from 2018 onwards.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IFRS 15 and Clarifications to IFRS 15 *Revenue from Contracts with Customers* (Continued)

The Group's principal activities consist of the generation and sale of wind power and other renewable power. The expected impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

(a) Sale of electricity

The Group develops, manages and operates wind power and other renewable power for sales to external power grid companies. Revenue from sale of electricity is recognised upon the transmission of electric power to the power grid companies, as determined based on the volume of electric power transmitted and the applicable fixed tariff rates agreed with the respective electric power grid companies periodically. The Group has determined that when IFRS 15 adopted, revenue from the sale of electricity for 2017 will have no material impact on the Group's financial statements.

(b) Presentation and disclosure

The presentation and disclosure requirements in IFRS 15 are more detailed than those under the current IAS 18. The presentation requirements represent a significant change from current practice and will significantly increase the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Group has assessed that the impact of some of these disclosure requirements will be significant. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made on determining the transaction prices of those contracts that include variable consideration, how the transaction prices have been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling price of each performance obligation. In addition, as required by IFRS 15, the Group will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

IFRS 16 *Leases*

IFRS 16, issued in January 2016, replaces IAS 17 Leases, IFRIC-Int 4 *Determining whether an Agreement contains a Lease*, SIC-Int 15 *Operating Leases – Incentive* and SIC-Int 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 recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. The Group is currently assessing the impact of IFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 36(b) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB37.2 million. Upon adoption of IFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures*

Amendments to IAS 28 issued in October 2017 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 expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

Amendments to IAS 40 *Transfers of Investment Property*

Amendments to IAS 40, issued in December 2016, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC 22, issued in December 2016, provides guidance on how to determine the date of the transaction when applying IAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The interpretation is not expected to have any significant impact on the Group's financial statements.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23, issued in June 2017, 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 (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Annual Improvements to IFRSs 2014–2016 Cycle

Annual Improvements to IFRSs 2014–2016 Cycle, issued in December 2016, sets out amendments to IFRS 1, IFRS 12 and IAS 28. Except for the amendments to IFRS 12 which have been adopted by the Group for the current year's financial statements, the Group expects to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments that are expected to be applicable to the Group are as follows:

IAS 28 Investments in Associates and Joint Ventures

IAS 28 Investments in Associates and Joint Ventures clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.

Amendments under Annual Improvements to IFRSs 2015–2017 Cycle

Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017, sets out amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. The Group expects to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments that are expected to be applicable to the Group are as follows:

IFRS 3 Business Combinations

IFRS 3 Business Combinations clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective International Financial Reporting Standards (Continued)

Amendments under Annual Improvements to IFRSs 2015–2017 Cycle (Continued)

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements clarifies that when an entity that participates in, but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.

IAS 12 Income Taxes

IAS 12 Income Taxes clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.

IAS 23 Borrowing Costs

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 sales are complete.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations and goodwill

(a) Common control business combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss includes profit or loss of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

(b) Other business combinations

The Group applies the acquisition method to account for business combinations other than common control business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are expensed as incurred.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Business combinations and goodwill (Continued)

(b) Other business combinations (Continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Group's share of the post-acquisition profit or loss is recognised in profit or loss. Any change in other comprehensive income of those investees is included in the Group's consolidated other comprehensive income. When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as "Share of profits and losses of associates and joint ventures" in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and the proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors and certain senior management (including chief accountant) (together referred to as the "Executive Management") that make strategic decisions.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has a significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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 (unadjusted) market prices 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 directly or indirectly observable

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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within "Finance expenses, net". All other foreign exchange gains and losses are presented in "Other income and other gains, net" in profit or loss.

Translation differences on non-monetary financial assets and liabilities such as financial assets at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as financial assets at fair value through other comprehensive income, are included in other comprehensive income.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency translation (Continued)

(c) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities in each statement of financial position presented are translated at the closing rates at the end of the reporting period;

(ii) income and expenses in each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rates at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income. Upon disposal of a foreign operation, the other comprehensive income related to the foreign operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of a foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Foreign currency translation (Continued)

(d) Disposal of a foreign operation and partial disposal (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interests in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.10 Property, plant and equipment (including construction in progress)

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to 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.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment (including construction in progress) (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life as follows:

Buildings	8 – 50 years
Electricity utility plants	
– Wind turbines	20 years
– Others	5 – 30 years
Transportation facilities	6 years
Office equipment and others	3 – 9 years

The assets' depreciation method, residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress ("CIP") represents buildings under construction, and plant and equipment pending for installation, and is stated at cost less any impairment losses. Cost comprises construction expenditures, other expenditures necessary for the purpose of preparing the CIP for its intended use and those borrowing costs incurred before the assets are ready for their intended use that are eligible for capitalisation. CIP is transferred to the appropriate category of property, plant and equipment when the CIP is completed and ready for its intended use.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated on the straight-line basis to write off the cost to the residual value over the estimated useful life of an investment property. The estimated useful lives used for this purpose are as follows:

Buildings	50 years

The carrying amounts of investment properties measured using the cost method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.12 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (other than goodwill) (Continued)

(a) Concession assets

The Group, as an operator of wind/solar power generation projects under service concession arrangements between the Group and government (the "Grantor"), is responsible for both the projects' construction and its subsequent services in a specified period after the construction. At the end of the concession period, the Group is obliged either to hand over the infrastructure to the Grantor in a specified condition or dispose of it. The Group recognises a concession asset, included in intangible assets, 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, the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation of concession assets is charged to profit or loss on a straight-line basis over the term of the arrangement upon the completion of construction.

(b) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software to use.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (other than goodwill) (Continued)

(c) Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

(i) It is technically feasible to complete the software product so that it will be available for use;

(ii) Management intends to complete the software product and use or sell it;

(iii) There is an ability to use or sell the software product;

(iv) It can be demonstrated how the software product will generate probable future economic benefits;

(v) Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

(vi) The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed nine years.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Land use rights

Land use rights represent upfront prepayments made for the land use rights and are expensed in profit or loss on a straight-line basis over the terms of the leases. Whenever there is impairment, the impairment is expensed in profit or loss.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill is not subject to amortisation and is tested annually for impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment in prior year is reviewed for possible reversal of the impairment at the end of each reporting period.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: those to be measured subsequently at fair value, and those to be measured at amortised cost. This classification depends on whether the financial asset is a debt or equity instrument.

Debt instruments

(i) Financial assets at amortised cost

A debt instrument is classified as "at amortised cost" only if both of the following criteria are met: the objective of the Group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. The nature of any derivatives embedded in the debt instrument is considered in determining whether the cash flows of the instrument are solely payments of principal and interest on the principal outstanding and are not accounted for separately.

(ii) Financial assets at fair value

If either of the two criteria above are not met, the debt instrument is classified as "at fair value through profit or loss". The Group has not designated any debt instrument as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Equity instruments

All equity instruments are measured at fair value. Equity instruments that are held for trading are measured at fair value through profit or loss. For all other equity instruments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income or profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

(b) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in profit or loss.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The Group subsequently measures all equity instruments at fair value. Where the Group's management has elected to present unrealised and realised fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such instruments continue to be recognised in profit or loss as long as they represent a return on instrument.

The Group is required to reclassify all affected debt instruments when and only when its business model for managing those assets changes.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial assets (Continued)

(c) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.17 Inventories

Inventories include materials and spare parts for maintenance, which are stated at the lower of cost and net realisable value. Cost is determined using the moving weighted average method. Costs of inventories include direct material cost and transportation expenses incurred in bringing them to the working locations. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses.

2.18 Trade and bills receivables and other receivables

Trade and bills receivables and other receivables are amounts due from customers for electricity sold or services provided in the ordinary course of business. If collection of these receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

Trade and bills receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments (including time deposits) with original maturities of three months or less. Bank overdrafts, if any, are shown as borrowings in current liabilities in the consolidated statement of financial position.

Time deposits and other cash investments with original maturities of more than three months are excluded from cash and cash equivalents.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Trade and bills payables and other payables

Payables primarily include trade and bills payable and other payables and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Payables are classified as current liabilities if they are due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan facilities to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Borrowings are classified as current liabilities unless the Group has a contractual or an unconditional right to defer settlement of the liability for at least 12 months after the end of each reporting period.

2.22 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation

(a) Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Share of income tax expense of associates and joint ventures are included in "Share of profits and losses of associates and joint ventures". Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised using the liability method on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to be applied when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation (Continued)

(a) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) Offsetting

Deferred income tax assets and liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity and the same taxation authority or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation (Continued)

(b) Value-added taxation ("VAT")

Sales of goods and the provision of certain services of the Group are subject to VAT. VAT payable is determined by applying 6% to 17% on the taxable revenue arising from sales of goods or the provision of certain services after offsetting deductible input VAT of the period.

Pursuant to Cai Shui [2008] no. 156 and Cai Shui [2015] no. 74 issued by the Ministry of Finance and the State Administration of Taxation, wind power generation plants are entitled to a 50% refund of the VAT levied on electricity generated, which is recognised as government grant when there is reasonable assurance that the grant will be received.

Pursuant to Cai Shui [2016] no. 81 issued by the Ministry of Finance and the State Administration of Taxation, solar power generation plants are entitled to a 50% refund of the VAT levied on electricity generated during the period from 1 January 2016 to 31 December 2018, which is recognised as a government grant when there is reasonable assurance that the grant will be received.

2.24 Employee benefits

(a) Pension and other social obligations

The Group has various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as labour costs when they are incurred.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (Continued)

(b) Housing benefits

The Group contributes to the state-prescribed housing fund. Such costs are charged to profit or loss as incurred. Apart from those described above, the Group does not have other legal or constructive obligations over such benefits.

2.25 Contingencies

Contingent liabilities are recognised in the consolidated financial statements when it is probable that a liability will be recognised. Where no provision is recorded, they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognised in the consolidated financial statements unless virtually certain but it should be disclosed when an inflow of economic benefits is probable.

2.26 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

2.28 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of electricity

Electricity revenue is recognised when electricity is supplied to the provincial power grid companies.

(b) Revenue under service concession arrangements

The Group, through certain subsidiaries, entered into service concession agreements with the Grantor to construct and operate wind/solar power plants during a concession period. The Group is responsible for the construction and maintenance of the power plants during the concession period. At the end of the concession period, the Group either needs to dispose of the power plants or transfer them to the Grantor at nil consideration. The Group has recognised intangible assets in relation to the service concession arrangements representing the right the Group receives to charge a fee for sales of electricity.

Revenue relating to construction services under service concession arrangements is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one type of service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition (Continued)

(c) Revenue from the provision of other services

The Group provides certain energy performance service, repairs and maintenance, and other services to external wind farms and recognises the related revenue in the period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

(d) Rental income from operating leases

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

2.29 Interest income

Interest income is recognised using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.30 Dividend income

Dividend income is recognised when the right to receive payment is established.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.31 Government grants

Government grants are recognised when the Group fulfils the conditions attached to them and there is reasonable assurance that the grant will be received. When the government grant is in the form of monetary assets, it is measured at the actual amount received. When the grant is provided based on a pre-determined rate, it is measured at the fair value of the amount receivable.

Asset-related government grants are recognised when the government document designates that the government grants are used for constructing or forming long-term assets. If the government document is inexplicit, the Company should make a judgement based on the basic conditions to obtain the government grants, and recognises them as asset-related government grants if the conditions are constructing or forming long-term assets. Otherwise, the government grants should be income-related.

Asset-related government grants are recognised as deferred income and are amortised evenly in profit or loss over the useful lives of the related assets.

Income-related government grants that are used to compensate subsequent related expenses or losses of the Group are recognised as deferred income and recorded in profit or loss when the expenses or losses are incurred. When the grant used to compensate expenses or losses that were already incurred, including VAT refund related to VAT paid, they are directly recognised in profit or loss for the current period.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Clean Development Mechanism ("CDM") Projects

The Group sells carbon credits known as Certified Emission Reductions ("CERs"), generated from the wind farms and other renewable energy facilities which have been registered as CDM projects with the CDM Executive Board of the United Nations under the Kyoto Protocol. Income in relation to the CERs is recognised, after taking into account of any estimated discrepancy between the volumes of electricity transmitted and certified, when following conditions are met:

(i) CDM projects have received the approval from the National Development and Reform Committee ("NDRC") and have been approved by the United Nations as registered CDM projects;

(ii) the counterparties have committed to purchase the CERs and prices have been agreed; and

(iii) the relevant electricity has been generated.

CERs are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.33 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain leasehold lands and property, plant and equipment. Leasehold lands and property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased leasehold land and the present value of the minimum lease payments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Leases (Continued)

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to accounting periods is referred to as the "actuarial method". The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the finance lease.

2.34 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Proposed final dividends are disclosed in the notes to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Going concern

As disclosed in Note 2.1.1, the ability of the Group to continue as a going concern basis is dependent upon the continuing net cash inflow from operations, and the availability of the banking facilities and other sources of financing in order to meet its day to day working capital requirements and its liabilities as they fall due. In the event that the Group is unable to obtain adequate funding, there is an uncertainty as to whether the Group will be able to continue as a going concern. The consolidated statement of financial position does not include any adjustments related to the carrying values and classifications of assets and liabilities that would be necessary should the Group be unable to continue as a going concern.

(b) The control assessment of Shanghai Dong Hai

The Group regards Shanghai Dong Hai Wind Power Generation Co., Ltd. ("Shanghai Dong Hai") (details of which are included in Note 31) as a subsidiary. In determining whether the Group has control over this entity, the Group has taken into account its power through contractual arrangements with other shareholders of Shanghai Dong Hai over its financial and operating policies. In the opinion of the Company's directors, the Group has control over Shanghai Dong Hai even if the Group holds less than a majority of its equity interests.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty

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

(a) Useful lives of property, plant and equipment

The management of the Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projected wear and tear incurred during power generation. This could change significantly as a result of technical renovations on wind turbines and related equipment. Management will adjust the estimated useful lives where useful lives vary with previously estimated useful lives. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require material adjustments to the carrying amount of property, plant and equipment.

(b) Impairment of property, plant and equipment and concession assets

The Group performs impairment test on property, plant and equipment and concession assets whenever any impairment indication exists. In accordance with Note 2.14, impairment is recognised at the amount by which the asset's carrying amount exceeds its recoverable amount. Certain wind farms in production of the Company suffered continuous losses in recent years as a result of the wind curtailment arising from the lack of local electricity demand and electricity transmission capacity in Northeastern China, Inner Mongolia, Gansu and Ningxia provinces, and certain wind and energy management projects under development or construction have been suspended. These wind farms and developing projects are affected by the future market demand on wind electricity in its region, the progress of the grid connection system which transmits electricity from power generation companies and the approval of projects from governmental authorities. The ready for use of the grid connection system upon completion, the expected progress and development of those subsidiaries and suspended projects and the utilisation efficiency are critical estimates of the Company's directors. Subject to the corporation with the government's environment protection, a wind farm of a subsidiary of the Group ceased its electricity generation. The management determined to move the wind farm to a different zone to fit the environment requirement and already considered the impairment of the above wind farm by estimating the fair values less costs of disposal. The estimation based on existing experience may be different from the result of the next financial year and may lead to material adjustments to the carrying amount of property, plant and equipment and concession assets against profit or loss.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Estimation uncertainty (Continued)

(c) Recoverability of CDM assets and long-aged receivables

The Group reviews its CDM assets and long-aged receivables to assess impairment on a periodic basis, unless known circumstances indicate that impairment may have occurred as of an interim date. The Group makes judgements and assumptions in determining whether an impairment loss should be recorded in profit or loss. These allowances reflect the difference between the carrying amount of the CDM assets and long-aged receivables and the present value of estimated future cash flows. Factors affecting this estimate include, among other things, the credit status and financial conditions and reputation of the debtors, history of payments by the debtors (e.g. payment delinquency or default) and the enforceability of the underlying contracts. The effect of these factors requires significant judgement to be applied in the estimation of future recoverable amounts. The Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from CDM assets and long-aged receivables. It is reasonably possible that if there is a significant change in circumstances including the Group's business in relation to CDM projects, the status of and relationship with the debtors and the external environment, the financial performance within the next financial year would be significantly affected.

(d) Income tax

The Group pays income tax in various regions. There can be various uncertainties on the ultimate income tax treatments for many transactions and events arising from normal operating activities, overall assets transfers, corporate restructuring and preferential tax treatments granted by the tax authorities. The Group has to make critical accounting judgements when calculating income tax expense for different regions. In the event that the finalised amounts recognised for such tax events are different from those originally recorded, this could result in material adjustments to current income tax expense and deferred income tax expense.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
Sales of electricity	7,044,695	5,717,847
Provision of services under energy performance contracts	40,876	40,846
Provision of services under concession arrangements	7,177	5,688
Other revenues *(Note)*	11,341	21,745
	7,104,089	5,786,126

Note: Other revenues mainly represented rental income from power plant facilities and repair and maintenance services.

(b) Segment information

Management has determined the operating segments based on the information reviewed by the Executive Management for the purposes of allocating resources and assessing performance.

The Executive Management considers the performance of all businesses on a consolidated basis as all other renewable power businesses except the wind power business was relatively insignificant for the years ended 31 December 2017 and 2016. Therefore, the Group has one single reportable segment which is the wind power segment.

The Company is domiciled in the PRC. During the year ended 31 December 2017, substantially all (2016: substantially all) of the Group's revenue was derived from external customers in the PRC.

At 31 December 2017, substantially all (2016: substantially all) of the non-current assets were located in the PRC.

For the year ended 31 December 2017, all (2016: all) revenue from the sales of electricity was charged to the provincial power grid companies in which the group companies operated. These power grid companies are directly or indirectly owned or controlled by the PRC government.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. OTHER INCOME AND OTHER GAINS, NET

	2017	2016
Income/(loss) from CDM projects:		
– Income during the year	1,269	–
– Foreign exchange gains, net	1,878	710
– Provision for impairment of receivables	(6,506)	(10,765)
	(3,359)	(10,055)
Government grants	230,099	175,986
Dividend from financial assets at fair value through other comprehensive income	4,380	3,348
Gain on disposal of subsidiaries *(Note 33)*	–	45
Compensation from wind turbine suppliers *(Note)*	22,556	11,359
Loss on disposal of property, plant and equipment	(7,872)	(1,704)
Compensation, liquidated damages and fines	(37,172)	(1,276)
Others	(4,249)	11,543
	204,383	189,246

Note: Compensation from wind turbine suppliers represents compensation for revenue losses incurred due to the delays of the provision of maintenance services and poor conditions of spare parts, within the relevant manufacturer warranty period.

(Amounts expressed in thousands of RMB unless otherwise stated)

6. PROFIT BEFORE INCOME TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017	2016
Employee benefit expenses (including directors' and supervisors' remuneration *(Note 11)*)		
– salaries and staff welfares	375,955	361,392
– retirement benefits – defined contribution plans *(Note (i))*	62,683	73,467
– staff housing benefits *(Note (ii))*	31,319	32,169
– other staff costs	76,805	63,694
	546,762	530,722
Less: Employee benefit expenses capitalised in property, plant and equipment and intangible assets	(81,385)	(81,871)
	465,377	448,851
Depreciation of property, plant and equipment *(Note 12)*	3,099,197	2,795,251
Amortisation of deferred income and deferred loss	(12,028)	(11,309)
Amortisation of intangible assets, land use rights *(Notes 13 and 14)* and long-term prepaid expenses	71,833	45,655
Research and development costs	820	455
Auditors' remuneration		
– audit and audit related services	7,500	7,150
– non-audit services	200	180
Foreign exchange differences, net *(Note 7)*	(5,293)	11,166
Impairment of receivables *(Notes 18 and 20)*	7,394	12,285
Impairment of intangible assets *(Note 13)*	158,603	–
Operating lease expenses	35,236	18,193
Government grants *(Note 5)*	(230,099)	(175,986)
Loss on disposal of property, plant and equipment *(Note 5)*	7,872	1,704
Gain on disposal of subsidiaries *(Note 5)*	–	(45)

6. PROFIT BEFORE INCOME TAX (CONTINUED)

Notes:

(i) Retirement benefits

The Group is required to make specific contributions to the state-sponsored retirement plan at rates ranging from 14% to 20% (2016: 14% to 20%) of the specified salaries of the employees in the PRC. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

In addition, the Group has implemented a supplementary defined contribution retirement scheme in accordance with Datang Corporation's policy. Under this scheme, the Group is required to make specified contributions at rate 5% (2016: 4% to 5%) of the total salaries of qualified employees. These employees will receive the total contributions and any returns thereon upon their retirements.

(ii) Housing fund

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-sponsored housing fund at a rate of 12% (2016: 12%) of the specified salaries of the employees in the PRC. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made.

(Amounts expressed in thousands of RMB unless otherwise stated)

7. FINANCE INCOME/FINANCE EXPENSES

An analysis of finance income/finance expenses is as follows:

	2017	2016
Finance income		
Interest income on deposits with banks and other financial institutions	12,630	13,640
Interest income on loans	3,991	1,168
Interest income from finance lease receivables	2,737	2,984
	19,358	17,792
Finance expenses		
Interest expenses	(2,126,755)	(1,907,936)
Less: Interest expenses capitalised in property, plant and equipment and intangible assets	232,126	166,058
	(1,894,629)	(1,741,878)
Foreign exchange gains/(losses), net	5,293	(11,166)
	(1,889,336)	(1,753,044)
Finance expenses, net	(1,869,978)	(1,735,252)
Interest capitalisation rate	4.17% to 5.76%	4.41% to 6.00%

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE

	2017	2016
Current tax		
PRC enterprise income tax	136,638	99,590
Underprovision in prior years	11,637	10,639
	148,275	110,229
Deferred tax		
(Reversal)/recognition of temporary differences	8,067	(1,914)
Income tax expense	156,342	108,315

For the year ended 31 December 2017, except for certain subsidiaries established in the PRC which were exempted from tax or entitled to preferential rates ranging from 7.5% to 15% (2016: 7.5% to 15%), all other subsidiaries established in the PRC were subject to an income tax rate of 25% (2016: 25%). Tax on overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The preferential tax policies applicable to the Group are described as follows:

(a) Pursuant to CaiShui [2008] No. 116 issued by the Ministry of Finance and the State Administration of Taxation, and Guoshuifa [2009] No.80 issued by the State Administration of Taxation, the public infrastructure projects authorised after 1 January 2008 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 for the investment operating income.

(b) Pursuant to CaiShui [2012] No.10 issued by the Ministry of Finance and the State Administration of Taxation on 12 January 2012, the public infrastructure projects authorised before 31 December 2007 that were originally not eligible for "the tax holiday of a 3-year full exemption followed by a 3-year 50% exemption "could apply this preferential tax policy from 1 January 2008 to their respective expiration dates.

The policy are applicable to all subsidiaries of the Group engaged in wind power and solar power generation under the relevant conditions, except for certain subsidiaries that adapt the preferential policies described at note 8(a).

(c) Pursuant to Cai Shui [2010] No.110 issued by the Ministry of Finance and the State Administration of Taxation, the eligible energy-conservation service companies implement the contract energy management projects in line with the relevant provisions of the enterprise income tax law are 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 years of statutory tax rate of 25%.

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE (CONTINUED)

For the year ended 31 December 2017, the joint ventures and associates were subject to an income tax rate of 25% (2016: 25%), and the share of income tax expense of joint ventures and associates of nil (2016: Nil) and RMB15.5 million (2016: RMB5.4 million) respectively, was included in "Share of profits and losses of associates and joint ventures".

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of the consolidated entities as follows:

	2017	2016
Profit before tax	1,059,012	401,089
Taxation calculated at the statutory tax rate	264,753	100,272
Income tax effects of:		
– Preferential income tax treatments	(223,615)	(105,167)
– Income not subject to tax	(16,363)	(2,480)
– Expenses not deductible for tax purposes	8,064	3,948
– Tax losses and temporary differences for which no deferred income tax asset was recognised	140,818	140,437
– Utilisation of previously unrecognised tax losses and temporary differences	(28,952)	(39,334)
– Underprovision for prior years	11,637	10,639
	156,342	108,315
Weighted average effective income tax rate	15%	27%

The changes in the weighted average effective income tax rate were primarily caused by certain subsidiaries of the Group which commenced production this year and were entitled to income tax exemption pursuant to the preferential regulation in the PRC.

(Amounts expressed in thousands of RMB unless otherwise stated)

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The basic earnings per share amount is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of shares in issue during the year.

	2017	2016
Profit attributable to equity holders of the parent used in the basic earnings per share calculation* *(RMB'000)*	611,678	198,199
Weighted average number of ordinary shares in issue *(thousands of shares)*	7,273,701	7,273,701
Basic earnings per share *(RMB)*	0.0841	0.0272

* Profit attributable to equity holders of the parent for the year ended 31 December 2017 used in the basic earnings per share calculation was RMB611,678 thousands, which was calculated from profit attributable to owners of the parent amounting to RMB727,678 thousands, exclusive of the interests of perpetual notes accrued in current period amounting to RMB116,000 thousands.

(b) Diluted earnings per share

The diluted earnings per share amounts for the years ended 31 December 2017 and 2016 were the same as the basic earnings per share amounts as there were no dilutive potential shares.

10. DIVIDENDS

	2017	2016
Proposed final – RMB0.018 (before tax) (2016: RMB0.012 (before tax)) per ordinary share	130,927	87,284

The dividend paid by the Company in 2017 was RMB87.3 million (2016: Nil).

A final dividend in respect of the year ended 31 December 2017 of RMB0.018 (before tax) per ordinary share, amounted to a total final dividend of RMB130.9 million, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION

(a) Directors' and supervisors' remuneration

The aggregate amount of remuneration payables to directors and supervisors of the Company during the year is as follows:

	2017	2016
Fees	600	600
Other emoluments:		
Salaries, allowances and benefits in kind	1,104	1,017
Discretionary bonuses	2,003	668
Pension scheme contributions	152	144
	3,259	1,829
	3,859	2,429

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

The remuneration of each director and supervisor of the Company is set out below:

For the year ended 31 December 2017

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Executive directors					
– Mr. Zhang Chunlei (張春雷) *(Note (i))*	–	116	467	12	595
– Mr. Hu Guodong (胡國棟) *(Note (ii))*	–	–	384	–	384
– Mr. Zhou Kewen (周克文) *(Note (iii))*	–	264	–	38	302
– Mr. Jiao Jianqing (焦建清) *(Note (iv))*	–	358	384	51	793
Non-executive directors					
– Mr. Wang Yeping (王野平)* *(Note (v))*	–	–	–	–	–
– Mr. Chen Feihu (陳飛虎)* *(Note (vi))*	–	–	–	–	–
– Mr. Liu Guangming (劉光明)*	–	–	–	–	–
– Mr. Liang Yongpan (梁永磐)*	–	–	–	–	–
– Mr. Liu Baojun (劉寶君)*	–	–	–	–	–
Independent non-executive directors					
– Mr. Liu Chaoan (劉朝安)	200	–	–	–	200
– Mr. Lo Mun Lam (盧敏霖)	200	–	–	–	200
– Mr. Yu Shunkun (余順坤)	200	–	–	–	200
Supervisors					
– Mr. He Hua (賀華)* *(Note (vii))*	–	–	–	–	–
– Mr. Tong Guofu (佟國福)* *(Note (viii))*	–	–	–	–	–
– Mr. Chen Weiqing (陳偉慶) *(Note (ix))*	–	–	384	–	384
– Ms. Huo Yuxia (霍雨霞)* *(Note (x))*	–	–	–	–	–
– Ms. Dingyu (丁宇)* *(Note (xi))*	–	–	–	–	–
– Mr. Meng Lingbin (孟令賓) *(Note (xii))*	–	366	384	51	801
	600	1,104	2,003	152	3,859

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

Notes:

(i) Mr. Zhang Chunlei has resigned as an executive director of the Company with effect from 27 June 2017.

(ii) Mr. Hu Guodong has resigned as an executive director of the Company with effect from 18 April 2017.

(iii) Mr. Zhou Kewen has been appointed as a vice chairman of the board of directors and an executive director of the Company with effect from 27 June 2017.

(iv) Mr. Jiao Jianqing has been appointed as an executive director of the Company with effect from 18 April 2017.

(v) Mr. Wang Yeping has resigned as chairman of the board of directors and a non-executive director of the Company with effect from 18 April 2017.

(vi) Mr. Chen Feihu has been appointed as chairman of the board of directors and a non-executive director of the Company with effect from 18 April 2017.

(vii) Mr. Hehua has resigned as a chairman of the board of supervisors of the Company with effect from 27 June 2017.

(viii) Mr. Tong Guofu has resigned as a supervisor of the Company with effect from 27 June 2017.

(ix) Mr. Chen Weiqing has resigned as an employee representative supervisor of the Company with effect from 27 June 2017.

(x) Ms. Huo Yuxia has been appointed as a chairman of the board of supervisors of the Company with effect from 27 June 2017.

(xi) Ms. Dingyu has been appointed as a supervisor of the Company with effect from 27 June 2017.

(xii) Mr. Meng Lingbin has been appointed as an employee representative supervisor of the Company with effect from 27 June 2017. Mr. Meng Lingbin has also been appointed as a vice president since February 2015.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

For the year ended 31 December 2016

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Executive directors					
– Mr. Zhang Chunlei (張春雷)	–	354	113	48	515
– Mr. Hu Guodong (胡國棟)	–	361	300	48	709
Non-executive directors					
– Mr. Wang Yeping (王野平)*	–	–	–	–	–
– Mr. Kou Bing'en (寇炳恩)* *(Note (i))*	–	–	–	–	–
– Mr. An Hongguang (安洪光)* *(Note (ii))*	–	–	–	–	–
– Mr. Guo Shuping (果樹平)* *(Note (iii))*	–	–	–	–	–
– Mr. Liu Guangming (劉光明)* *(Note (iv))*	–	–	–	–	–
– Mr. Liang Yongpan (梁永磐)* *(Note (v))*	–	–	–	–	–
– Mr. Liu Baojun (劉寶君)* *(Note (vi))*	–	–	–	–	–
Independent non-executive directors					
– Mr. Liu Chaoan (劉朝安)	200	–	–	–	200
– Mr. Lo Mun Lam (盧敏霖)	200	–	–	–	200
– Mr. Yu Shunkun (余順坤)	200	–	–	–	200
Supervisors					
– Mr. He Hua (賀華)*	–	–	–	–	–
– Mr. Tong Guofu (佟國福)*	–	–	–	–	–
– Mr. Chen Weiqing (陳偉慶)	–	302	255	48	605
	600	1,017	668	144	2,429

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

Notes:

(i) Mr. Kou Bingen has resigned as a non-executive director of the Company with effect from 19 May 2016.

(ii) Mr. An Hongguang has resigned as a non-executive director of the Company with effect from 19 May 2016.

(iii) Mr. Guo Shuping has resigned as a non-executive director of the Company with effect from 8 June 2016.

(iv) Mr. Liu Guangming has been appointed as a non-executive director of the Company with effect from 30 June 2016.

(v) Mr. Liang Yongpan has been appointed as a non-executive director of the Company with effect from 30 June 2016.

(vi) Mr. Liu Baojun has been appointed as a non-executive director of the Company with effect from 30 June 2016.

* These directors and supervisors of the Company receive emoluments from Datang Corporation. No apportionment of emoluments for their services to the Group has been made as the directors consider that it is impracticable to apportion these amounts between their services to the Group and their services to Datang Corporation.

During the year ended 31 December 2017, no emoluments were paid by the Group to any director or supervisor as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil); and no director or supervisor waived or agreed to waive any emoluments (2016: Nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(b) Five highest paid individuals

The number of directors and supervisors and non-director/supervisor employees included in the five highest paid individuals for the year ended 31 December 2017 is set forth below:

	2017	2016
Directors or supervisors	2	1
Non-director or supervisor employees	3	4
	5	5

The emoluments of the directors and supervisors are disclosed in Note 11(a). The aggregate of the emoluments in respect of the remaining highest paid individuals is as follows:

	2017	2016
Salaries and other emoluments	1,086	1,406
Discretionary bonuses	1,235	1,213
Retirement benefits – defined contribution plans	152	190
	2,473	2,809

The emoluments of the five highest paid individuals are within the following bands:

	Number of individuals	
	2017	2016
Nil to Hong Kong dollars ("HKD") 1,000,000	4	5
HKD1,000,001 to HKD1,500,000	1	–

During the year ended 31 December 2017, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2016: Nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Others (Note)	Construction in progress	Total
Year ended 31 December 2017					
Opening net carrying amount	2,418,570	44,198,550	128,774	11,168,214	57,914,108
Additions	468	4,371	14,448	3,667,087	3,686,374
Transfer and reclassification	451,742	5,921,653	10,725	(6,769,340)	(385,220)
Other disposals	(8)	(26,613)	(414)	–	(27,035)
Depreciation	(134,269)	(2,938,427)	(27,651)	–	(3,100,347)
Closing net carrying amount	2,736,503	47,159,534	125,882	8,065,961	58,087,880
As at 31 December 2017					
Cost	3,413,291	63,909,854	375,524	8,065,961	75,764,630
Accumulated depreciation	(676,788)	(16,750,320)	(249,642)	–	(17,676,750)
Net carrying amount	2,736,503	47,159,534	125,882	8,065,961	58,087,880
Year ended 31 December 2016					
Opening net carrying amount	2,346,691	41,269,796	140,839	8,766,133	52,523,459
Additions	–	29,495	9,649	8,455,504	8,494,648
Transfer and reclassification	204,250	5,556,817	10,577	(6,052,496)	(280,852)
Other disposals	–	(15,956)	(418)	(927)	(17,301)
Depreciation	(132,371)	(2,641,602)	(31,873)	–	(2,805,846)
Closing net carrying amount	2,418,570	44,198,550	128,774	11,168,214	57,914,108
As at 31 December 2016					
Cost	2,961,245	58,037,521	359,277	11,168,214	72,526,257
Accumulated depreciation	(542,675)	(13,838,971)	(230,503)	–	(14,612,149)
Net carrying amount	2,418,570	44,198,550	128,774	11,168,214	57,914,108

Note: Other property, plant and equipment represent transportation facilities, office equipment and other property, plant and equipment held by the Group.

(Amounts expressed in thousands of RMB unless otherwise stated)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the year ended 31 December 2017, depreciation expense is analysed as follows:

	2017	2016
Depreciation expense recognised in profit or loss *(Note 6)*	3,099,197	2,795,251
Capitalisation as construction in progress	1,150	10,595
	3,100,347	2,805,846

At 31 December 2017, certain property, plant and equipment with cost and accumulated depreciation amounting to RMB1,792.1 million (2016: RMB1,333.6 million) and RMB359.6 million (2016: RMB257.6 million), respectively, were under the finance lease framework agreement as set out in Note 24(a)(ii).

At 31 December 2017, certain property, plant and equipment were pledged as security for long-term loans and other loans of the Group as set out in Note 24(c).

Impairment tests for property, plant and equipment

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU. The CGU is an individual plant or entity. The carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs, which were based predominantly on value-in-use. Value-in-use calculations use pre-tax cash flows projections based on financial budgets approved by management covering a 5-year period, cash flows beyond the 5-year period are extrapolated using the same cash flows of the fifth year. Other key assumptions applied in the impairment tests include the expected electricity volume, demand for the electricity, cost and related expenses. Management determined that these key assumptions were based on past performance and their expectations on market development. Further, the Group adopts a pre-tax rate of 9.5% (2016: 9.6%) that reflects specific risks related to CGUs as the discount rate.

For the year ended 31 December 2017, no impairment losses were provided for property, plant and equipment of the Group (2016: Nil).

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS

	Goodwill *(Note (iii))*	Concession assets *(Note (i))*	Computer and software	Technologies and tools *(Note (ii))*	Total
Year ended 31 December 2017					
Opening net carrying amount	58,055	710,771	32,953	5,153	806,932
Additions	–	7,178	15,249	4,169	26,596
Transferred from CIP	–	–	856	–	856
Disposals	–	–	–	(6,275)	(6,275)
Amortisation charges	–	(29,500)	(5,065)	–	(34,565)
Impairment during the year *(Note (iv))*	–	(158,603)	–	–	(158,603)
Closing net carrying amount	58,055	529,846	43,993	3,047	634,941
As at 31 December 2017					
Cost	58,055	840,869	83,254	3,047	985,225
Accumulated amortisation	–	(152,420)	(39,261)	–	(191,681)
Impairment *(Note(iv))*	–	(158,603)	–	–	(158,603)
Net carrying amount	58,055	529,846	43,993	3,047	634,941
Year ended 31 December 2016					
Opening net carrying amount	58,055	733,098	17,613	3,483	812,249
Additions	–	5,688	19,872	5,121	30,681
Transferred from CIP	–	–	1,667	–	1,667
Disposals	–	(11,405)	(411)	(3,451)	(15,267)
Amortisation charges	–	(16,610)	(5,788)	–	(22,398)
Closing net carrying amount	58,055	710,771	32,953	5,153	806,932
As at 31 December 2016					
Cost	58,055	833,691	67,149	5,153	964,048
Accumulated amortisation	–	(122,920)	(34,196)	–	(157,116)
Net carrying amount	58,055	710,771	32,953	5,153	806,932

Notes:

(i) Concession assets represent the rights the Group obtained for the usage of the concessions in relation to wind/solar power plants for the generation of electricity (Note 2.12(a)). The Group recognised the intangible assets at the fair value of the concession construction service. The concession assets are amortised over the original contracted operating period of the relevant service concession projects of 25 years.

13. INTANGIBLE ASSETS (CONTINUED)

Notes: (Continued)

(ii) At 31 December 2017, technologies and tools represented internal generated technologies and tools pertaining to certain wind farm performance optimisation technology amounting to RMB3.0 million (2016: RMB5.2 million).

(iii) Impairment test for goodwill

The Group allocates goodwill to cash-generating units ("CGU") that are determined by different operating entities. The Group completed its annual impairment test for goodwill allocated to the respective CGU by comparing their recoverable amounts to their carrying amounts as at the reporting date.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flows projections based on financial budgets approved by management covering a 5-year period with a terminal value related to the future earnings potential of the CGU beyond the next five years. Future cash flows are discounted at the pre-tax rate of 9.5% (2016: 9.6%). The estimated growth rates adopted do not exceed the long-term average growth rates for the businesses in which the CGU operates. Other key assumptions include expected tariff rates and demand for electricity in specific locations where these power plants are located. Management determined these assumptions based on the existing production capacity of the related power plants and adopted pre-tax interest rate that can reflect specific risk of the CGU as the discount rate.

Based on the assessments, the directors of the Company concluded that there was no impairment loss on the goodwill of the Group as at 31 December 2017 (2016: Nil).

(iv) Datang Hubei Renewable Power Co., Ltd. (the "Hubei Renewable"), a subsidiary of the Company, made an impairment provision for its concession assets of RMB158.6 million during the year 2017. In September 2017, Hubei Renewable's wind farm, named as Longganhu Phase I project, ceased electricity generation in order to cooperate with the protection of Longganhu Nature Protection Zone by Hubei Province Huanggang City. The management assessed the recoverable amounts of those assets based on fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as remaining useful lives. An impairment loss of RMB158.6 million was recognised in "other operating expenses" as a result of the assessment of the recoverable amounts.

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2017, the amortisation expense is analysed as follows:

	2017	2016
Amortisation charges recognised in profit or loss *(Note 6)*	34,565	21,969
Capitalisation as construction in progress	–	429
	34,565	22,398

At 31 December 2017 and 2016, certain concession assets were pledged as security for long-term bank loans and other loans of the Group (Note 24(c)).

14. LAND USE RIGHTS

Land use rights represent prepayments made by the Group for the land located in the PRC which is held on leases between 10 years and 50 years.

The movements during the years presented are as follows:

	2017	2016
At 1 January	476,800	456,285
Additions	4,005	–
Reclassification	4,432	28,621
Transferred from CIP	71,800	2,481
Amortisation charges	(13,412)	(10,587)
At 31 December	543,625	476,800

Amortisation charges for the year ended 31 December 2017 are analysed as follows:

	2017	2016
Amortisation charges recognised in profit or loss *(Note 6)*	13,412	10,587
Capitalised as construction in progress	–	–
	13,412	10,587

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) Investments in joint ventures

Movements in investments in joint ventures are as follows:

	2017	2016
As at 1 January	89,832	87,894
Capital injection	10,017	–
Share of reserve changes	–	1,865
Other comprehensive income	(235)	–
Share of (loss)/profit for the year	(1,016)	73
As at 31 December	98,598	89,832

At 31 December 2017, the Group did not have significant commitments relating to its joint ventures, and there were no contingent liabilities relating to the Group's interests in the joint ventures.

In the opinion of the directors of the Company, investments in joint ventures are not material to the Group and no further disclosure of the particulars of the joint ventures is presented.

(b) Investments in associates

Movements in investments in associates are as follows:

	2017	2016
At 1 January	596,297	572,524
Capital injections	–	20,335
Dividends declared	(18,000)	(18,000)
Share of profit for the year	62,090	21,438
At 31 December	640,387	596,297

Set out below are the associates of the Group at 31 December 2017, which, in the opinion of the directors of the Company, are material to the Group. The associates listed below have share capital consisting of paid-in capital, which are held directly by the Group; the country of establishment or registration is also the principal place of business.

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in associates (Continued)

Name of entity	Place of business/ country of establishment	Percentage of ownership interest	Nature of relationship	Measurement method
Datang Financial Leasing Company Limited (大唐融資租賃有限公司) ("Datang Financial Leasing")	PRC	20%	Note 1	Equity method
Guangdong Yueneng Datang Renewable Power Co., Ltd. (廣東粵能大唐新能源有限公司) ("Guangdong Yueneng")	PRC	49%	Note 2	Equity method

Note 1: Datang Financial Leasing, a limited liability company established in the PRC, and the Company are under the common control of Datang Corporation. Datang Financial Leasing provides financing services to the Group and other companies under the common control of Datang Corporation (see Note 24(a)(ii) for more details).

Note 2: Guangdong Yueneng, a limited liability company established in the PRC, was jointly established by the Company and Guangdong Yuneng (Group) Company Limited (廣東粵能(集團)有限公司). Guangdong Yueneng engages in power generation businesses.

Datang Financial Leasing and Guangdong Yueneng are private companies and there are no quoted market prices available.

There are no contingent liabilities relating to the Group's interests in the associates.

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in associates (Continued)

Summarised financial information of associates

Set out below is the summarised financial information of Datang Financial Leasing, Guangdong Yueneng, and other associates which are accounted for using the equity method.

Summarised information about the statements of financial position

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Total current assets	4,863,331	1,672,846	122,579	100,768	387,287	352,162	5,373,197	2,125,776
Total current liabilities	(15,339,101)	(15,555,639)	(11,740)	(10,144)	(766,536)	(791,617)	(16,117,377)	(16,357,400)
Total non-current assets	15,304,936	17,232,251	353,753	374,884	1,135,510	1,160,528	16,794,199	18,767,663
Total non-current liabilities	(2,318,209)	(981,141)	(296,623)	(328,145)	(375,648)	(392,764)	(2,990,480)	(1,702,050)
Net assets	2,510,957	2,368,317	167,969	137,363	380,613	328,309	3,059,539	2,833,989

Summarised information about the statements of profit or loss and comprehensive income

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	879,125	855,275	58,185	49,479	149,255	157,048	1,086,565	1,061,802
Profit/(loss) before tax	317,873	163,269	34,690	(2,510)	50,103	(1,389)	402,666	159,370
Net profit/(loss) for the year	242,640	122,632	30,606	(2,510)	51,564	(2,701)	324,810	117,421
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	242,640	122,632	30,606	(2,510)	51,564	(2,701)	324,810	117,421
Dividends received from associates	–	18,000	–	–	–	–	–	18,000

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in associates (Continued)

Summarised financial information of associates (Continued)

Summarised information about the statements of profit or loss and comprehensive income (Continued)

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts) adjusted for differences in the accounting policies between the Group and the associates.

During the year ended 31 December 2017, the Group's share of the other associates' loss amounted to RMB1.4 million (2016: loss amounted to RMB1.9 million), the share of the other associates' other comprehensive income amounted to nil (2016: Nil) and the share of the other associates' total comprehensive income amounted to RMB-1.4 million (2016: RMB-1.9 million).

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in associates:

Summarised financial information:

	Datang Financial Leasing		Guangdong Yueneng		Other associates		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Opening net assets	2,368,317	2,345,685	137,363	139,873	328,309	617,473	2,833,989	3,103,031
Capital withdraw	–	–	–	–	–	(345,757)	–	(345,757)
Capital contribution	–	–	–	–	12,800	59,294	12,800	59,294
Capital reserve changes	–	–	–	–	(12,060)	–	(12,060)	–
Profit/(loss) for the year	242,640	122,632	30,606	(2,510)	51,564	(2,701)	324,810	117,421
Distributions to shareholders	(100,000)	(100,000)	–	–	–	–	(100,000)	(100,000)
Closing net assets	2,510,957	2,368,317	167,969	137,363	380,613	328,309	3,059,539	2,833,989
Percentage of ownership	20%	20%	49%	49%				
Interests in associates	502,191	473,663	82,305	67,308	43,909	45,344	628,405	586,315
Goodwill and other adjustments	6,255	4,255	5,597	5,597	130	130	11,982	9,982
Carrying value of investments	508,446	477,918	87,902	72,905	44,039	45,474	640,387	596,297

(Amounts expressed in thousands of RMB unless otherwise stated)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2017	2016
At 1 January	384,876	356,640
Net profit/(loss) transfer to other comprehensive income	(9,159)	28,236
At 31 December	375,717	384,876

At 31 December 2017, the Group's financial assets at fair value through other comprehensive income include the following:

	2017	2016
Listed securities:		
– Equity securities – Hong Kong	322,550	331,709
Unlisted securities:		
– Equity securities – the PRC	53,167	53,167
	375,717	384,876

Financial assets at fair value through other comprehensive income were denominated in the following currencies:

	2017	2016
RMB	53,167	53,167
HKD	322,550	331,709
	375,717	384,876

At 31 December 2017 and 2016, the directors of the Company were of their opinion that the fair value of unlisted securities approximated to their cost.

(Amounts expressed in thousands of RMB unless otherwise stated)

17. DEFERRED TAX

The movements in deferred tax assets and liabilities are as follows:

Deferred income tax assets:

	Tax losses	Provision for impairment	Deferred revenue	Intra-group unrealised profits	Tax credit entitlement	Total
At 1 January 2016	–	5,311	1,167	2,595	25,469	34,542
Charged/(credited) to profit or loss	–	651	(778)	(85)	–	(212)
At 31 December 2016 and 1 January 2017	–	5,962	389	2,510	25,469	34,330
Charged/(credited) to profit or loss	**15,511**	**240**	**(389)**	**(86)**	**(25,469)**	**(10,193)**
At 31 December 2017	**15,511**	**6,202**	**–**	**2,424**	**–**	**24,137**

Deferred income tax liabilities:

	Asset revaluation	Total
At 1 January 2016	(26,285)	(26,285)
Charged/(credited) to profit or loss	2,126	2,126
At 31 December 2016 and 1 January 2017	(24,159)	(24,159)
Charged/(credited) to profit or loss	**2,126**	**2,126**
At 31 December 2017	**(22,033)**	**(22,033)**

(Amounts expressed in thousands of RMB unless otherwise stated)

17. DEFERRED TAX (CONTINUED)

Deferred income tax assets are recognised for tax losses carried forward and temporary differences to the extent that the realisation of the related income tax benefits through the future taxable profits is probable. The unrecognised deductible temporary tax differences and the expiry dates of the related tax losses are summarised as follows:

	2017	2016
Tax losses	2,502,456	2,205,251
Other deductible temporary tax differences	204,874	4,188
	2,707,330	2,209,439

	2017	2016
Year of expiry		
2017	–	254,964
2018	474,271	489,187
2019	543,025	553,630
2020	456,647	467,183
2021	455,955	440,287
2022	572,558	–
	2,502,456	2,205,251

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
CDM assets/receivables *(Note (i))*	68,751	133,110
Less: Provision for impairment	(66,419)	(59,913)
	2,332	73,197
Prepayments/advances for plant constructions	13,407	12,765
Receivables from the provision of services *(Note(iv))*	51,323	75,093
Proceed receivables from the disposal of subsidiaries *(Note(iv))*	111,700	112,200
Receivable from the disposal of a wind farm project *(Note(iv))*	23,322	22,968
Dividend receivable	18,000	–
Deposit for project investments	30,127	57,834
Deposit for borrowings *(Note 24(a)(ii))*	48,705	48,705
Receivables under a lease arrangement *(Note (ii))*	51,815	63,395
Other receivables *(Note(iv))*	203,220	144,374
	551,619	537,334
Less: Provision for impairment	(1,520)	(1,520)
	552,431	609,011
Value-added tax recoverable	2,227,067	2,447,736
Current tax prepayments	17,202	19,164
Deferred loss on long-term borrowings *(Note 24(a)(ii))*	5,302	5,629
Other prepayments	850,948	1,284,019
	3,652,950	4,365,559
Less: Non-current portion of		
– Receivables from the provision of services	(30,573)	(11,673)
– Receivables under a lease arrangement *(Note(ii))*	(45,775)	(57,623)
– Deposit for borrowings	(48,705)	(48,705)
– Deferred loss on long-term borrowings	(4,975)	(5,302)
– Value-added tax recoverable	(1,618,200)	(1,729,728)
– Other prepayments	(642,357)	(975,609)
	(2,390,585)	(2,828,640)
Total current portion of prepayments and other receivables	1,262,365	1,536,919

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes:

(i) In relation to CDM assets/receivables, except for the CDM receivables expected to receive from a subsidiary of Datang Corporation, the remaining assets with an amount of RMB66.4 million are fully impaired as at 31 December 2017 based on the assessment of recoverability. Movements in the provision for impairment of CDM assets/receivables are as follows:

	2017	2016
At 1 January	59,913	49,148
Provision for impairment	6,506	10,765
At 31 December	66,419	59,913

(ii) During the year ended 31 December 2017, the Group provided services to an external customer under an energy performance contract for a period of 12 years, pursuant to which certain facilities were constructed and operated by the Group and the service fee was determined at a monthly fixed amount plus contingent fee which was linked to coal price. The transaction was accounted for as a finance lease and the implied interest rate was 4.54% per annum.

	2017	2016
Non-current receivables		
Finance lease – gross receivables	59,500	68,000
Unearned finance income from finance lease receivables	(13,725)	(10,377)
	45,775	57,623
Current receivables		
Finance lease – gross receivables	8,500	8,500
Unearned finance income from finance lease receivables	(2,460)	(2,728)
	6,040	5,772
Net investment in finance lease	51,815	63,395

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

	2017	2016
Gross receivables from the finance lease:		
– No later than 1 year	8,500	8,500
– Later than 1 year and no later than 5 years	34,000	34,000
– Later than 5 years	25,500	34,000
	68,000	76,500
Unearned future finance income from finance lease receivables	(16,185)	(13,105)
Net investment in finance lease	51,815	63,395
The net investment in finance lease is analysed as follows:		
– No later than 1 year	6,040	5,772
– Later than 1 year and no later than 5 years	21,978	25,891
– Later than 5 years	23,797	31,732
Total	51,815	63,395

No contingent income was recognised during the year ended 31 December 2017.

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(iii) The carrying amounts of the Group's other receivables were denominated in the following currencies:

	2017	2016
RMB	502,340	560,216
Euros ("EUR")	26,769	25,827
Australian dollar ("AUD")	23,322	22,968
	552,431	609,011

(iv) At 31 December 2017 and 2016, the balance included receivables from equipment sales, proceeds for disposal of projects and a subsidiary and advance payments for joint plant construction which were over 3 years, with an aggregate carrying amount of RMB106.3 million (2016: RMB123.8 million). Management assessed the collectability of these long-aged receivables, and considered there is no significant uncertainty in the recovery of the receivables.

(v) At 31 December 2017 and 2016, the fair values of the current loans and receivables approximated to their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of the receivables. The Group does not hold any collateral as security.

19. INVENTORIES

	2017	2016
Finished goods	716	1,572
Spare parts	137,208	112,908
	137,924	114,480
Less: Provision for impairment of inventories	–	–
	137,924	114,480

As at 31 December 2017 and 31 December 2016, the Group had no pledged inventories for bank and other borrowings.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES

	2017	2016
Trade receivables	4,723,629	2,655,311
Bills receivable	321,977	147,532
	5,045,606	2,802,843
Less: Provision for doubtful debts	(3,216)	(2,328)
	5,042,390	2,800,515

Trade and bills receivables primarily represent receivables from regional or provincial grid companies for tariff revenue. These receivables are unsecured and non-interest-bearing. The carrying amounts of the trade and bills receivables of the Group are all denominated in RMB. The fair values of the trade and bills receivables approximate to their carrying amounts.

For trade and bills receivables arising from tariff revenue, the Group usually grants credit periods of approximately one month to local power grid companies from the date of invoice in accordance with the relevant electricity sales contracts between the Group and the respective local grid companies.

Settlements of certain trade receivables due from the local power grid companies are subject to the allocation of government designated funds by the relevant government authorities to the local gird companies and tariff surcharge payable by the end users, which consequently takes a relatively long time for the grid companies to make settlement. Effective from March 2012, the application, approval and settlement of the tariff premium are subject to certain procedures as promulgated by 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"). Caijian [2013] No. 390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff premium. At 31 December 2017, most of the operating projects of the Group have been approved for the tariff premium and certain projects were in the process of applying for the approval. The directors are of the opinion that these trade and bills receivables from tariff premium are fully recoverable considering there were no bad debt experiences in the past and the tariff premium is funded by the PRC government.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of trade and bills receivables based on the revenue recognition date is as follows:

	2017	2016
Within 1 year	4,029,966	2,391,619
Between 1 and 2 years	803,931	328,412
Between 2 and 3 years	129,042	60,300
Over 3 years	82,667	22,512
	5,045,606	2,802,843

At 31 December 2017, trade and bills receivables of RMB1,012.4 million (2016: RMB408.9 million) were past due but not impaired. The ageing analysis of these trade and bills receivables is as follows:

	2017	2016
Past due within 1 year	803,931	328,412
Past due over 1 year	208,493	80,484
	1,012,424	408,896

At 31 December 2017, trade receivables of RMB3.2 million (2016: RMB2.3 million) were fully impaired, including RMB2.3 million represented a past due tariff receivable from a power grid company in dispute which was assessed not recoverable. At 31 December 2017, the management assessed the collectability of these long-aged receivables, and considered there is no significant uncertainty in the recovery of the receivables except the provision disclosed below.

Movements in the provision for impairment of trade and bills receivables are as follows:

	2017	2016
At 1 January	2,328	2,328
Provision for impairment	888	–
At 31 December	3,216	2,328

At 31 December 2017 and 2016, the Group has pledged a portion of their tariff collection rights and bills as security for certain bank and other loans (Note 24(c)).

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

The maximum exposure to credit risk at the reporting date was the carrying value of each category of receivables. The Group does not hold any collateral as security.

As at 31 December 2017, bills receivable which have not been matured but discounted with recourse right were not derecognized in the financial statements amounted to RMB1.4 million (31 December 2016: Nil)

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSIT

	2017	2016
Restricted cash	15,411	12,385
Time deposit	40,000	–
Cash and bank balances	1,223,920	1,166,209
Cash and cash equivalents and restricted cash and time deposit	1,279,331	1,178,594

As at 31 December 2017, restricted cash mainly represented deposits held for use in land reclamation deposit.

The deposit period is from 21 April 2017 to 21 April 2018, with an annual interest rate of 1.8%.

Cash and cash equivalents, restricted cash and time deposit of the Group were denominated in the following currencies:

	2017	2016
RMB	1,258,382	1,160,952
HKD	5,261	1,135
EUR	13,990	13,973
US dollars ("USD")	937	1,135
AUD	761	1,399
	1,279,331	1,178,594

(Amounts expressed in thousands of RMB unless otherwise stated)

22. TRADE AND BILLS PAYABLES

	2017	2016
Trade payables	197,438	147,793
Bills payable	1,231,533	2,214,362
	1,428,971	2,362,155

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2017	2016
Within 1 year	147,046	124,568
After 1 year but within 3 years	46,984	19,189
After 3 years	3,408	4,036
	197,438	147,793

Bills payable are bills with maturity of less than one year. The trade and bills payables are non-interest-bearing and are normally settled within one year.

The fair values of the trade and bills payables approximate to their carrying amounts.

(Amounts expressed in thousands of RMB unless otherwise stated)

23. ACCRUALS AND OTHER PAYABLES

	2017	2016
Payables for property, plant and equipment	5,816,814	7,419,901
Loans from related parties *(Note (i))*	53,050	69,704
Dividends payable	27,924	24,032
Interests payable	124,051	123,277
Accrued staff related costs	47,174	57,182
Payables for CDM projects	4,393	6,517
Payables for taxes other than income taxes	128,825	54,246
Asset retirement obligations *(Note (ii))*	81,029	76,048
Amounts due to a non-controlling interest	3,122	6,132
Other payables	234,378	195,678
	6,520,760	8,032,717
Deferred government grants	17,648	20,963
Deferred income on long-term borrowings *(Note 24(a)(ii))*	207,436	179,011
Other accruals and deferrals	71,172	87,172
	6,817,016	8,319,863
Less: Non-current portion of		
– Loans from related parties	(28,550)	(44,550)
– Asset retirement obligations	(81,029)	(76,048)
– Deferred government grants	(17,648)	(20,963)
– Deferred income on long-term borrowings	(194,341)	(167,370)
– Other accruals and deferrals	(66,682)	(82,562)
	(388,250)	(391,493)
Current portion of accruals and other payables	6,428,766	7,928,370

Notes:

(i) Except for the amount RMB44.6 million which will be paid before 15 April 2025 carries the effective interest rate of 4.41%, the loans from related parties are unsecured, non-interest-bearing and have no fixed terms of repayment.

(ii) Under the relevant laws and regulations, the Group is generally required to restore and rehabilitate areas caused by the Group's temporary occupation of pieces of land during the construction of the relevant power plant facilities. In addition, the Group may have contractual obligations to dismantle the relevant facilities and rehabilitate the pieces of land occupied at the end of the concession periods for wind or solar farms operated under the relevant service concession agreements.

For the year ended 31 December 2017, the unwinding of discount of RMB5.0 million (2016: RMB4.7 million) was included in "Finance expenses" in the consolidated statement of profit or loss.

(Amounts expressed in thousands of RMB unless otherwise stated)

23. ACCRUALS AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's other payables denominated in the following currencies:

	2017	2016
RMB	6,520,222	8,029,172
EUR	402	3,400
Other currencies	136	145
Total	6,520,760	8,032,717

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) Long-term borrowings

	2017	2016
Bank loans		
– Unsecured	22,371,151	18,602,201
– Guaranteed *(Note 24 (c))*	2,068,016	2,360,339
– Secured	4,928,175	5,665,831
	29,367,342	26,628,371
Other loans		
– Unsecured	2,152,240	3,039,969
– Guaranteed *(Note (i))*	3,000,000	3,000,000
– Secured *(Note (ii))*	2,743,219	2,640,099
	7,895,459	8,680,068
Corporate bonds – unsecured *(Note (iii))*	1,997,521	1,996,982
Total long-term borrowings	39,260,322	37,305,421
Less: Current portion of long-term borrowings *(Note 24 (b))*		
– Bank loans	(3,117,990)	(2,987,044)
– Other loans	(1,635,116)	(158,440)
	(4,753,106)	(3,145,484)
Total non-current portion of long-term borrowings	34,507,216	34,159,937

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) Long-term borrowings (continued)

Notes:

(i) At 31 December 2017, the borrowings from Pingan Assets Management Co., Ltd. amounting to RMB3.0 billion (2016: RMB3.0 billion) were guaranteed by Datang Corporation.

(ii) At 31 December 2017, included in secured other loans were borrowings amounting to RMB1,303.0 million (31 December 2016: RMB987.0 million) due to Datang Financial Leasing and RMB1,330.1 million (31 December 2016: RMB1,477.8 million) from ICBC Financial Leasing Company Limited, which allow certain subsidiaries of the Company sell and lease back certain property, plant and equipment to and from the lenders for periods ranging from 10 to 15 years. The underlying property, plant and equipment will be transferred to the relevant group companies at a notional consideration of RMB1.00 at the end of the lease term. In accordance with SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, proceeds received under this agreement should be accounted for as borrowings secured by the relevant property, plant and equipment as the substance of this arrangement is considered as a financing arrangement (Note 12). At 31 December 2017, cash amounting to RMB48.7 million (2016: RMB48.7 million) was held in a deposit account with ICBC Financial Leasing Company Limited.

At 31 December 2017 and 2016, deferred loss and revenue recognised represented the adjustments for the present values of these borrowings, and were included in "Prepayments and other receivables" and "Accruals and other payables" in the consolidated statement of financial position, respectively.

(iii) The Company issued green corporate bonds amounting to RMB1,000.0 million, RMB500.0 million and RMB500.0 million with a unit par value of RMB100 each on 14 September 2016, 28 September 2016 and 21 October 2016, respectively. The annual interest rates for these green corporate bonds are 3.50%, 3.15% and 3.10% respectively.

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(b) Short-term borrowings

	2017	2016
Bank loans		
– Unsecured	3,190,016	2,100,000
Short-term bonds – unsecured *(Note)*	4,569,980	4,020,821
Other loans		
– Unsecured	800,000	900,000
– Secured	1,400	–
	801,400	900,000
Current portion of long-term borrowings *(Note 24(a))*	4,753,106	3,145,484
	13,314,502	10,166,305

Note:

On 15 March 2016, 13 September 2016 and 7 November 2016, the Company issued short-term bonds with a par value of RMB100 each for RMB2,000.0 million, net of issuance cost of RMB9.7 million. These bonds have annual effective interest rates ranging from 2.60% to 2.94%, and mature in September 2016, May 2017 and April 2017.

On 10 May 2017, 26 May 2017, 27 June 2017, 13 July 2017 and 23 October 2017, the Company issued five tranches of short-term bonds with a par value of RMB100. The first, second and fifth issued short-term bonds amounted to RMB2,000.0 million for each, and the third and fourth issued short-term bonds amounted to RMB2,500.0 million for each. The net of issuance cost is RMB6.0 million. These bonds have annual effective interest rates ranging from 4.20% to 4.78%. The first, second, third and fourth issued short-term bonds have already matured in October 2017, June 2017, July 2017 and January 2018, and the fifth issued short-term bonds will mature in April 2018, respectively.

The estimated fair values of short-term borrowings approximate to their carrying amounts.

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(c) Other disclosures in relation to the Group's borrowings

At 31 December 2017, the effective interest rates per annum on borrowings are as follows:

	2017	2016
Long-term		
Bank loans	2.82%-5.50%	2.82%-6.00%
Other loans	3.85%-5.76%	4.41%-5.76%
Corporate bonds	3.10%-3.50%	3.10%-3.50%
Short-term		
Bank loans	4.35%	3.92%-4.41%
Other loans	4.13%-4.50%	4.41%-4.90%
Short-term bonds	4.35%-4.78%	2.60%-2.94%

At 31 December 2017, details of the Group's guaranteed bank loans are as follows:

	2017	2016
Guarantor		
– The Company*	1,774,651	1,982,685
– Non-controlling interests of subsidiaries and ultimate holding companies of non-controlling interests	293,365	377,654
	2,068,016	2,360,339

* At 31 December 2017, guaranteed loans by the Company amounting to RMB34.0 million (2016: RMB42.0 million) were counter guaranteed by non-controlling interests of a subsidiary.

(Amounts expressed in thousands of RMB unless otherwise stated)

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(c) Other disclosures in relation to the Group's borrowings (Continued)

At 31 December 2017, the Group has pledged certain assets as collateral to certain secured borrowings and a summary of these pledged assets is as follows:

	Bank loans		Other loans	
	2017	2016	2017	2016
Property, plant and equipment	2,252,344	2,427,917	3,566,539	3,390,397
Concession assets	229,933	245,214	–	–
Tariff collection rights	584,627	414,716	65,783	131,858
Bills receivable	–	–	1,400	–
	3,066,904	3,087,847	3,633,722	3,522,255

At 31 December 2017, long-term borrowings were repayable as follows:

	2017	2016
Within 1 year	4,753,106	3,145,484
After 1 year but within 2 years	5,104,917	4,791,937
After 2 years but within 5 years	16,172,462	15,979,172
After 5 years	13,229,837	13,388,828
	39,260,322	37,305,421

At 31 December 2017, the carrying amounts of borrowings were denominated in the following currencies:

	2017	2016
RMB	47,777,338	44,232,427
USD	44,380	93,815
	47,821,718	44,326,242

25. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2017, ordinary shares comprises of the following:

	2017	2016
	Number of shares *(in thousands)*	Number of shares *(in thousands)*
Domestic shares	**4,772,630**	4,772,630
H shares	**2,501,071**	2,501,071
	7,273,701	7,273,701

The total number of authorised ordinary shares is 7,273.7 million with a par value of RMB1.00 per share. At 31 December 2017 and 2016, all issued shares were registered, fully paid and ranked pari passu to each other.

A summary of the Company's issued ordinary shares and share premium is as follows:

	Number of shares *(in thousands)*	Ordinary shares *(RMB'000)*	Share premium *(RMB'000)*	Total *(RMB'000)*
At 31 December 2016 and 2017	7,273,701	7,273,701	2,080,969	9,354,670

26. PERPETUAL NOTES PAYABLE

On 10 December 2014, the Company issued RMB2,000 million medium-term notes at initial interest rate of 5.8% ("Medium-term Notes"). The proceeds from issuance of the Medium-term Notes after the issuance cost were RMB1,979.3 million. Coupon payments of 5.80% per annum are paid annually in arrears on 12 December of each year starting from 2015 (each, a "Coupon Payment Date"), and may be deferred at the discretion of the Company.

The Medium-term Notes have no fixed maturity dates and are callable at the Company's option, on 12 December 2019 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. After 12 December 2019, the coupon rate will be reset every 5 years to a percentage per annum equal to the sum of (a) the initial spreads of the difference between the nominal interest rate and the initial benchmark interest rate, (b) the current benchmark interest rate, and (c) a margin of 300 base points per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends or reduce registered capital. Pursuant to the terms of these Medium-term Notes, the Company has no contractual obligations to repay its principal or to pay any coupon interest. Accordingly, the Medium-term Notes do not meet the definition of financial liabilities in accordance with IAS 32 *Financial Instruments: Presentation*, and are classified as equity and subsequent coupon payments are accounted for as equity distributions to the owners of the Company.

In 2017, the Company announced and distributed interest of RMB116.0 million (2016: RMB116.0 million) to the perpetual note holders in terms of the Medium-term Notes.

(Amounts expressed in thousands of RMB unless otherwise stated)

27. OTHER RESERVES

A summary of the movements in the Group's other reserves for the year ended 31 December 2017 is as follows:

	Statutory surplus reserve *(Note (i))*	Other reserves *(Note (ii))*	Investment revaluation reserve	Currency translation	Total
At 1 January 2016	127,094	(1,447,356)	(152,666)	(9,048)	(1,481,976)
Transfer from retained earnings	31,575	–	–	–	31,575
Share of reserves of investments in associates and joint ventures	–	1,865	–	–	1,865
Gains arising on revaluation of financial assets at fair value through other comprehensive income *(Note 16)*	–	–	28,236	–	28,236
Exchange differences related to foreign operations	–	–	–	1,553	1,553
At 31 December 2016	158,669	(1,445,491)	(124,430)	(7,495)	(1,418,747)
At 1 January 2017	158,669	(1,445,491)	(124,430)	(7,495)	(1,418,747)
Transfer from retained earnings	61,671	–	–	–	61,671
Share of other comprehensive income of joint ventures	–	(235)	–	–	(235)
Losses arising on revaluation of financial assets at fair value through other comprehensive income *(Note 16)*	–	–	(9,159)	–	(9,159)
Exchange differences related to foreign operations	–	–	–	284	284
At 31 December 2017	220,340	(1,445,726)	(133,589)	(7,211)	(1,366,186)

27. OTHER RESERVES (CONTINUED)

Notes:

(i) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, the Company is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of the PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the registered capital, any further appropriation is optional.

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

(ii) Other reserves

Other reserves of the Group are mainly the difference between the fair value of assets injected by Datang Corporation and its share in the share capital as part of the reorganisation, and merger reserves arising from business combinations under common control.

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS

The Company is controlled by Datang Corporation, the parent company and a state-owned enterprise established in the PRC. Datang Corporation itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with IAS 24 Related Party Disclosures, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include Datang Corporation and its subsidiaries (other than the Group), other government-related entities and their subsidiaries ("Other State-owned Enterprises"), other entities and corporations over which the Company is able to control or exercise significant influence and key management personnel of the Company and Datang Corporation as well as their close family members.

Some of the related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

For the purpose of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the related party information and transactions disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

(a) Significant related party transactions

	2017	2016
Transactions with fellow subsidiaries of the Group:		
– Provision of installation, construction, general contracting services	2,376	3,543
– Sales of equipment	–	2,663
– Purchases of engineering, construction, supervisory services and general contracting services *(Note (i))*	(87,847)	(87,587)
– Purchases of key and auxiliary materials, equipment and finished goods *(Note (ii))*	(324,569)	(3,240,972)
– Loans from related parties *(Note (iii))*	8,919,000	8,453,040
– Repayments of loans from related parties *(Note (iii))*	(9,099,265)	(8,147,237)
– Interest income earned	3,991	6,945
– Interest expense charged *(Note (iii))*	(206,495)	(209,093)
Capital commitments for the purchase of property, plant and equipment from fellow subsidiaries (contracted, but not provided for)	1,047,905	1,863,167

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (continued)

Notes:

(i) Provision of general contracting services by certain fellow subsidiaries of Datang Group included purchases of equipment and construction services.

(ii) Purchases of key and auxiliary materials, equipment and finished goods are mainly purchases of wind turbines, tower tubes and auxiliary materials from Shenyang Huachuang Wind Power Co., Limited and China National Water Resources & Electric Power Materials & Equipment Co., Limited. Shenyang Huachuang Wind Power Co., Limited ceased to be a related party of the Group in 2017.

(iii) During the year ended 31 December 2017, included in "Loans from related parties" were borrowings from Datang Finance and Datang Financial Leasing. The due dates of the related borrowings fall within the period from 10 March 2027 to 22 December 2031, and the interest rates range from 3.85% to 4.9% per annum.

(iv) In addition to the above transactions, on 17 March 2015, the Company and Datang Finance, a fellow subsidiary of the Company which is a financial institution established in the PRC, entered into an agreement for which Datang Finance agreed to provide certain loan, depository and other financial services to the Group for a period of three years. After the expiration of the agreement, on 12 May 2017, a new financial service agreement was entered into by both parties for a term from 1 January 2018 to 31 December 2020.

Pursuant to the agreement, Datang Finance will grant integrated credit facilities of RMB4.0 billion to the Group. At 31 December 2017, the Group had a cash deposit held at Datang Finance amounting to RMB430.6 million (2016: RMB902.3 million), and the interest income on the deposit was RMB4.0 million for the year ended 31 December 2017 (2016: RMB6.5 million).

All the transactions above with related parties are conducted on prices and terms mutually agreed by the parties involved, and all the amounts disclosed are exclusive of VAT applicable to the relevant transactions.

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Year-end balances due from/(to) related parties

Other than those disclosed elsewhere in the consolidated financial statements, the outstanding balances with related entities at the year end are as follows:

	2017	2016
Cash and cash equivalents deposited with		
A subsidiary of Datang Corporation *(Note 28 (a)(iv))*	**430,612**	902,340
Trade and bills receivables		
Datang Corporation and its subsidiaries	**4,098**	10,156
Prepayments and other receivables and amounts included in property, plant and equipment		
Datang Corporation and its subsidiaries	**267,932**	677,398
Other associates	**10,488**	10,488
Other related parties	**1,008**	–
Trade and bills payables		
Datang Corporation and its subsidiaries	**(120,619)**	(1,471,809)
Accruals and other payables		
Datang Corporation and its subsidiaries	**(531,499)**	(2,243,240)
Other related parties	**(17,261)**	–
Interest-bearing borrowings		
Subsidiaries of Datang Corporation	**(4,256,614)**	(4,926,920)
Other related parties	**(44,380)**	–

All balances with related parties arose primarily from transactions as disclosed in Note 28(a).

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(b) Year-end balances due from/(to) related parties (Continued)

At 31 December 2017, amounts included in "Accruals and other payables" of RMB44.6 million (2016: RMB60.6 million) and "Interest-bearing loans and borrowings" of RMB4,256.6 million (2016: RMB4,926.9 million) were payables to certain fellow subsidiaries of the Company which bore interest at rates ranging from 3.85% to 5.49% per annum (2016: 4.41% to 5.76%). Except for the above mentioned, all (2016: all) other balances with Datang Corporation and its subsidiaries are interest-free, unsecured and due on demand.

At 31 December 2017, the Company's ultimate holding company and the non-controlling shareholders of certain subsidiaries of the Company have guaranteed certain loans made to the Group of up to RMB3,150.6 million (2016: RMB3,174.0 million) and RMB142.8 million(2016: RMB162.5 million), respectively.

At 31 December 2017, amounts included in "Interest-bearing loans and borrowings"of RMB1,303.0 million (2016: RMB987.0 million) from Datang Financial Leasing were secured by certain property, plant and equipments, of which the carrying amount at 31 December 2017 is RMB1,432.5 million (2016: RMB1,076.0 million) (Note12).

(c) Significant transactions with other state-owned enterprises

For the year ended 31 December 2017, all (2016: all) revenue from the sales of electricity was made to the provincial power grid companies. These power grid companies are directly or indirectly owned or controlled by the PRC government. At 31 December 2017, substantially all (2016: substantially all) of the trade and bills receivables (Note 20) were due from these power grid companies.

Apart from the above, for the years ended 31 December 2017 and 2016, a large portion of the Group's other significant transactions with other state-owned enterprises were its purchases of materials, property, plant and equipment and services. Substantially all cash and cash equivalents and borrowings at 31 December 2017 and 2016, and the relevant interest income earned and expenses incurred were transacted with banks and other financial institutions owned/controlled by the PRC government.

The transactions of revenues and expenses in nature conducted with other state-owned enterprises are based on terms as set out in the underlying agreements, based on statutory rates or actual costs incurred, or as mutually agreed.

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(d) Compensation of key management personnel

	2017	2016
Basic salaries, housing fund, other allowances and benefits in kind	3,487	3,360
Discretionary bonuses	3,861	2,749
Pension costs	506	475
	7,854	6,584

Details of directors' and supervisors' remuneration are included in Note 11 to the financial statements.

(e) Commitments with related parties

As at 31 December 2017 and 2016, except for the other capital commitments disclosed in Note 28(a) to the consolidated financial statements, the Group had no significant commitments with other related parties.

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS

29.1 Financial instruments by category

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

Financial assets

	2017			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
Financial assets at fair value through other comprehensive income	–	–	375,717	375,717
Trade and bills receivables	–	5,042,390	–	5,042,390
Restricted cash and time deposits	–	55,411	–	55,411
Cash and cash equivalents	–	1,223,920	–	1,223,920
Financial assets included in prepayments and other receivables	–	539,024	–	539,024
Financial assets at fair value through profit or loss	8,900	–	–	8,900
	8,900	6,860,745	375,717	7,245,362

Financial Liabilities

	2017	
	Financial liabilities at amortised cost	Total
Loans from associates	1,302,974	1,302,974
Trade and bills payables	1,428,971	1,428,971
Financial liabilities included in accruals and other payables	6,538,975	6,538,975
Interest-bearing bank and other borrowings	46,518,744	46,518,744
	55,789,664	55,789,664

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Financial instruments by category (continued)

Financial assets

	2016			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Total
Financial assets at fair value through other comprehensive income	–	–	384,876	384,876
Trade and bills receivables	–	2,800,515	–	2,800,515
Restricted cash and time deposits	–	12,385	–	12,385
Cash and cash equivalents	–	1,166,209	–	1,166,209
Financial assets included in prepayments and other receivables	–	596,246	–	596,246
Financial assets at fair value through profit or loss	8,900	–	–	8,900
	8,900	4,575,355	384,876	4,969,131

Financial Liabilities

	2016	
	Financial liabilities at amortised cost	Total
Loans from associates	1,404,412	1,404,412
Trade and bills payables	2,362,155	2,362,155
Financial liabilities included in accruals and other payables	8,168,606	8,168,606
Interest-bearing bank and other borrowings	42,921,830	42,921,830
	54,857,003	54,857,003

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Fair value and fair value hierarchy

Fair value

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3)

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount		Fair value	
	2017	2016	2017	2016
Financial liabilities:				
Long-term interest bearing loans and borrowings	34,507,216	34,159,937	38,605,001	36,628,970
Total	34,507,216	34,159,937	38,605,001	36,628,970

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Fair value and fair value hierarchy (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through other comprehensive income	322,550	–	53,167	375,717
Financial assets at fair value through profit or loss	–	–	8,900	8,900
	322,550	–	62,067	384,617

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through other comprehensive income	331,709	–	53,167	384,876
Financial assets at fair value through profit or loss	–	–	8,900	8,900
	331,709	–	62,067	393,776

During the year, the Group had no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2016: Nil).

30. FINANCIAL AND CAPITAL RISK MANAGEMENT

30.1 Financial risk management

The Group's activities expose it to a variety of financial risks, including market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Group's financial performance.

Risk management is carried out by the treasury management department (the "Group Treasury") under policies approved by the board of directors of the Company. The Group Treasury identifies, evaluates and hedges financial risks through close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HKD, AUD, EUR and USD. Foreign exchange risk arises mainly from CDM assets/receivables, loans denominated in USD, recognised assets and liabilities and net investments in foreign operations.

As at 31 December 2017, substantially all of the revenue-generating operations of the Group are located in the PRC and transacted in RMB. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group have the policy to minimise foreign currency transactions. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2017, if RMB had weakened/strengthened by 5% (2016: 5%) against other foreign currencies with all other variables held constant, post-tax profit for the year would have been RMB0.7 million lower/higher (2016: RMB1.2 million higher/lower) mainly as a result of foreign exchange gains/losses on translation of recognised monetary assets and liabilities.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual period end of reporting period. The analysis is performed on the same basis for the years presented.

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 demand.

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.1 Financial risk management (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from bank loans and other loans. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2017 and 2016, the Group's borrowings at variable rates were denominated in RMB and USD.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At 31 December 2017, if interest rates on RMB and USD denominated loans both had been 50 basis points higher/lower, respectively, with all other variables held constant, interest expenses charged to profit or loss for the year would have been RMB168.8 million higher/lower, respectively.

The estimated 50 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual period.

(iii) Price risk

The Group is exposed to equity security price risk because of investments held by the Group. The Group is not exposed to commodity price risk.

As at 31 December 2017, the Group was exposed to equity security price risk primarily arising from the investments classified as financial assets at fair value through other comprehensive income. These securities are publicly traded in Hong Kong. To manage the risk, the Group closely monitors the market prices of these securities and market trends.

If prices of the equity security investments had increased/decreased by 10% with the stock price, the investment valuation reserve within equity would have been higher/lower by RMB26.93 million (2016: RMB32.14 million) as a result of the increase/decrease in equity securities classified as fair value through other comprehensive income.

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.1 Financial risk management (continued)

(b) Credit risk

Credit risk is managed on a group basis, except for credit risk relating to receivable balances. Each local entity is responsible for managing and analysing the credit risk for each debtor. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and bank guarantees extended to external parties. For banks and financial institutions, the Group has the policy to review the credit risks of any banks and financial institutions and does not expect any significant losses from non-performance of these banks and financial institutions. The Group's policy requires all of the Group's cash and cash equivalents in the PRC to be deposited in the major state-owned/controlled PRC banks or financial institutions and well-known international banks outside of the PRC.

The receivables from sales 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, which are major state-owned entities, and the Group maintains long-term and stable business relationships with these companies. With regard to receivables/assets arising from CDM projects, the CDM office of the Company centrally assesses the credit quality of the buyers, taking into account their financial positions, past experience and other factors. The Group performs periodic credit evaluations of its customers and believes that adequate provision for impairment of receivables/assets has been made (Note 18). The Group does not expect any further losses from non-performance by these counterparties. For other receivables, the Group performs ongoing individual credit evaluations of their customers' and counterparties' financial conditions, and is of the opinion that no debts are impaired.

The concentrations of trade receivables are disclosed in Note 20.

The maximum exposure to credit risk is represented by the total carrying amount of financial assets in the statement of financial position after deducting any impairment allowance.

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.1 Financial risk management (continued)

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group Treasury. The Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. This forecast takes into consideration of the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by maintaining availability under committed credit facilities.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to Datang Finance. Datang Finance places the surplus cash with banks after considering sufficient liquidity to provide sufficient headroom as determined by Datang Finance.

At 31 December 2017, the Group held cash and cash equivalents of RMB1,223.9 million (2016: RMB1,166.2 million) (Note 21). In addition, the Group held listed equity securities of RMB322.6 million (2016: RMB331.7 million) (Note 16), which could be readily realised to provide a further source of cash should the need arise.

Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs through: i) maintaining flexibility by placing reliance primarily on bank loans; ii) periodically evaluating banking facilities position and maintaining sufficient headroom on its undrawn committed borrowing facilities; iii) compliance with borrowing limits or covenants on any of its borrowing facilities – for example, appropriate management of pledged assets, compliance with certain debt ratios, and other credit rating requirements. Such forecast takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal debt ratio targets.

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.1 Financial risk management (continued)

(c) Liquidity risk (continued)

At 31 December 2017, the Group had the following undrawn borrowing facilities at floating rates:

	2017	2016
Expiring within one year	**23,082,716**	27,756,424
Expiring beyond one year	**20,845,000**	36,248,021
	43,927,716	64,004,445

Based on the above, the directors of the Company are confident to meet the payment and settlement obligations and that the liquidity risk is low.

(Amounts expressed in thousands of RMB unless otherwise stated)

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.1 Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 December 2017					
Long-term loans *(Note 24(a))*	6,456,592	6,583,651	17,174,652	16,611,772	46,826,667
Long-term bonds *(Note 24(a))*	66,899	66,921	2,133,911	–	2,267,731
Short-term loans *(Note 24(b))*	3,991,416	–	–	–	3,991,416
Short-term bonds *(Note 24(b))*	4,707,473	–	–	–	4,707,473
Other payables	6,512,140	17,099	13,033	–	6,542,272
Trade and bills payables *(Note 22)*	1,428,971	–	–	–	1,428,971
	23,163,491	6,667,671	19,321,596	16,611,772	65,764,530
As at 31 December 2016					
Long-term loans *(Note 24(a))*	3,145,484	4,791,937	13,982,190	13,388,828	35,308,439
Long-term bonds *(Note 24(a))*	–	–	2,000,000	–	2,000,000
Short-term loans *(Note 24(b))*	3,000,000	–	–	–	3,000,000
Short-term bonds *(Note 24(b))*	4,000,000	–	–	–	4,000,000
Interest payables on borrowings	1,791,664	1,539,752	3,254,757	3,130,189	9,716,362
Other payables	8,124,056	16,000	28,550	–	8,168,606
Trade and bills payables *(Note 22)*	2,362,155	–	–	–	2,362,155
	22,423,359	6,347,689	19,265,497	16,519,017	64,555,562

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors their capital structure on the basis of the liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. The liability-to-asset ratio of the Group at 31 December 2017 was 79.6% (2016: 80.1%).

The small decrease in the liability-to-asset ratio was primarily due to the improvement of operations. Taking into consideration of the expected operating cash flows of the Group, the unutilised banking facilities and the Group's past experience in refinancing its short-term borrowings, the directors and management of the Company believe that the Group can meet its obligations when they fall due.

(Amounts expressed in thousands of RMB unless otherwise stated)

31. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

At 31 December 2017, the Company entities directly and indirectly held equity interests in its subsidiaries, all of which are unlisted securities. The Company's principal subsidiaries, all of which are limited liability companies established and operated in the PRC in the business of wind power generation, were summarised as follows:

Name	Registered and fully paid-in capital	Proportion of equity interest held by the Group	
		Direct	Indirect
Datang (Chifeng) Renewable Power Co., Ltd. (大唐(赤峰)新能源有限公司) ("Chifeng Renewable")	2,120.5 million	60%	–
Datang Xilinguole Wind Power Generation Co., Ltd. (大唐錫林郭勒風力發電有限責任公司)	474,525	100%	–
Datang Renewable Shuozhou Wind Power Generation Co., Ltd. (大唐新能源朔州風力發電有限公司)	Paid-in capital: 458,670 Registered capital: 449,910	100%	–
Chifeng Tangneng Renewable Power Co., Ltd. (赤峰唐能新能源有限公司)	334,380	100%	–
Datang Yumen Changma Wind Power Generation Co., Ltd. (大唐玉門昌馬風電有限公司)	298,644	100%	–
Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. (大唐(通遼)霍林河新能源有限公司)	528,590	100%	–
Datang Xiangyang Wind Power Generation Co., Ltd. (大唐向陽風電有限公司)	675,900	100%	–
Datang (Chaoyang) Renewable Power Co., Ltd. (大唐(朝陽)新能源有限公司)	Paid-in capital: 394,386 Registered capital: 405,475	60%	–
Shanghai Dong Hai Wind Power Generation Co., Ltd. (上海東海風力發電有限公司) ("Shanghai Dong Hai") *(Note (i))*	861,000	28%	–
Datang Sanhe (Linxi) Renewable Power Co., Ltd. (大唐三合(林西)新能源有限公司) ("Sanhe (Linxi)")	183,370	51%	–

31. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (CONTINUED)

All English names of the subsidiaries represent the best effort made by the Company's directors' best effort to translate their Chinese names and are for reference only. The official names of these entities are in Chinese.

Notes:

(i) The Company has power to govern the financial and operating policies of Shanghai Dong Hai and certain subsidiaries by virtue of acting in concert arrangements with other shareholders of these subsidiaries who undertook to act in concert with the Group. The Company's proportion of voting rights of Shanghai Dong Hai was up to 60% as at 31 December 2017 which is included in the consolidation.

(ii) At 31 December 2017, the Company's share in the paid-in capital of certain subsidiaries differed from its proportionate share in the share capital as specified in the articles of association, due to the delay in capital injection by certain shareholders. As a consequence, the Company's effective interest held was determined in accordance with the articles of association of the respective entities, or the share in the paid-in capital as mutually agreed among the respective shareholders.

(iii) During the year ended 31 December 2017, the Group dissolved and deregistered subsidiaries with net assets in aggregate of RMB8.75 million in order to improve the management efficiency.

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2017	2016
Percentage of equity interest held by non-controlling interests		
Chifeng Renewable	40%	40%
Shanghai Dong Hai	72%	72%
Sanhe (Linxi)	49%	49%
Profit for the year allocated to non-controlling interests		
Chifeng Renewable	83,967	43,455
Shanghai Dong Hai	62,240	43,865
Sanhe (Linxi)	17,209	14,184
Dividends paid to non-controlling interests		
Chifeng Renewable	–	43,455
Shanghai Dong Hai	28,800	–
Sanhe (Linxi)	–	34,244
Accumulated balances of non-controlling interests at the reporting date		
Chifeng Renewable	1,033,030	949,063
Shanghai Dong Hai	680,876	647,436
Sanhe (Linxi)	126,901	109,692

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2017	Chifeng Renewable	Shanghai Dong Hai	Sanhe (Linxi)
Revenue	676,752	373,260	120,548
Total cost and expenses	(466,835)	(286,815)	(85,428)
Profit for the year	209,917	86,445	35,120
Total comprehensive income for the year	209,917	86,445	35,120
Current assets	583,851	415,818	127,236
Non-current assets	4,076,682	2,868,530	692,938
Current liabilities	(730,296)	(336,628)	(78,134)
Non-current liabilities	(1,317,203)	(2,002,059)	(482,965)
Net cash flows from operating activities	345,284	301,594	63,795
Net cash flows from/(used in) investing activities	(57,278)	23,621	268
Net cash flows used in financing activities	(292,726)	(352,599)	(63,563)
Net (decrease)/increase in cash and cash equivalents	(4,720)	(27,384)	500

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

2016	Chifeng Renewable	Shanghai Dong Hai	Sanhe (Linxi)
Revenue	572,221	356,038	116,233
Total cost and expenses	(420,682)	(295,115)	(87,287)
Profit for the year	151,539	60,923	28,946
Total comprehensive income for the year	151,539	60,923	28,946
Current assets	379,745	372,802	92,562
Non-current assets	4,340,492	3,061,548	726,576
Current liabilities	(732,142)	(344,722)	(65,992)
Non-current liabilities	(1,584,977)	(2,190,412)	(529,192)
Net cash flows from operating activities	316,667	284,904	62,640
Net cash flows from/(used in) investing activities	(14,952)	9,757	66,627
Net cash flows used in financing activities	(311,300)	(321,446)	(130,485)
Effect of foreign exchange rate changes, net	(3,828)	–	(101)
Net decrease in cash and cash equivalents	(13,413)	(26,785)	(1,319)

33. DISPOSAL OF SUBSIDIARIES

2016

On 10 May 2016, the Group signed an equity transfer agreement to sell the 95% equity interest in NingXia Zhongwei Xintang Corporation Ltd. ("NingXia Zhongwei") for a consideration of RMB2.90 million. The disposal was completed on 31 May 2016.

During the year ended 31 December 2016, the Company disposed of Ningxia Zhongwei. The carrying amount of the equity interest was RMB2.85 million, and the total net assets of the subsidiaries disposed of in aggregate amounted to RMB2.85 million. The gain on disposal amounted RMB45,000.

(Amounts expressed in thousands of RMB unless otherwise stated)

34. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Accruals and other payables
At 1 January 2017	44,326,242	8,319,863
Changes from financing cash flows	3,449,614	(2,099,565)
Foreign exchange movement	(3,836)	215
Dividends payable	–	245,852
Interest expense	49,698	2,077,057
Changes from operating cash flows	–	185,147
Changes from investing cash flows	–	(1,911,553)
At 31 December 2017	47,821,718	6,817,016

35. CONTINGENT LIABILITIES

As at 31 December 2017 and 2016, the Group had no significant contingent liabilities.

36. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	2017	2016
Contracted, but not provided for	5,753,982	4,023,348

(b) Commitments under operating leases

The future aggregate minimum lease payments as at 31 December 2017 pursuant to non-cancellable lease agreements entered into by the Group are summarised as follows:

	2017	2016
Within one year	7,135	6,664
In the second to fifth years, inclusive	17,260	23,852
After five years	12,775	7,525
	37,170	38,041

(Amounts expressed in thousands of RMB unless otherwise stated)

37. EVENTS AFTER THE REPORTING PERIOD

On 26 March 2018, the Board of Directors proposed to distribute the final dividend for year ended 31 December 2017 of RMB0.018 per share (before tax) of the Company in cash to the shareholders. The proposal is subjected to the approval by the shareholders at the 2017 annual general meeting of the Company.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017	2016
Assets		
Non-current assets		
Property, plant and equipment	340,113	362,046
Intangible assets	12,008	7,425
Investments in subsidiaries	18,294,529	17,387,170
Investments in associates and joint ventures	199,484	199,484
Financial assets at fair value through other comprehensive income	2,000	2,000
Financial assets at fair value through profit or loss	8,900	8,900
Prepayments and other receivables	12,426,957	11,194,958
Total non-current assets	31,283,991	29,161,983
Current assets		
Inventories	258	563
Trade and bills receivables	92,573	70,682
Prepayments and other receivables	8,844,185	6,092,940
Value-added tax recoverable	348	94
Cash and cash equivalents	572,400	576,806
Total current assets	9,509,764	6,741,085
Total assets	40,793,755	35,903,068

(Amounts expressed in thousands of RMB unless otherwise stated)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2017	2016
Liabilities		
Current liabilities		
Interest-bearing bank and other borrowings	14,168,867	10,884,811
Trade and bills payables	272,472	201,473
Current income tax liabilities	2,142	2,142
Accruals and other payables	273,804	274,970
Total current liabilities	14,717,285	11,363,396
Net current liabilities	(5,207,521)	(4,622,311)
Non-current liabilities		
Interest-bearing bank and other borrowings	12,675,308	11,541,605
Accruals and other payables	10,758	10,423
Total non-current liabilities	12,686,066	11,552,028
Net assets	13,390,404	12,987,644
Equity		
Share capital	7,273,701	7,273,701
Share premium	2,080,969	2,080,969
Perpetual notes payable	1,979,325	1,979,325
Retained earnings	533,700	192,611
Other reserves	1,522,709	1,461,038
Total equity	13,390,404	12,987,644

(Amounts expressed in thousands of RMB unless otherwise stated)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's retained earnings and other reserves is as follows:

		Other reserves		
	Retained earnings	Statutory surplus reserves	Others	Total
Balance at 1 January 2016	(50,371)	117,802	1,350,074	1,417,505
Profit for the year	390,557	–	–	390,557
Appropriation to perpetual note holders	(116,000)	–	–	(116,000)
Disposal of subsidiaries	–	–	(38,413)	(38,413)
Transfer from retained earnings	(31,575)	31,575	–	–
At 31 December 2016 and 1 January 2017	192,611	149,377	1,311,661	1,653,649
Profit for the year	606,044	–	–	606,044
Appropriation to perpetual note holders	(116,000)	–	–	(116,000)
Transfer from retained earnings	(61,671)	61,671	–	–
Dividends paid	(87,284)	–	–	(87,284)
At 31 December 2017	533,700	211,048	1,311,661	2,056,409

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2018.

Glossary of Terms

"Articles of Association"	the articles of association of the Company
"average on-grid tariff"	electricity sales revenue in a period divided by the corresponding electricity sales in such period
"average utilization 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
"capacity"	if used alone, is an abbreviated form of installed capacity for operating projects, constructing capacity for projects under construction, or prospective capacity for pipeline projects (as the case may be)
"CCER"	Chinese Certified Emission Reduction
"Certified Emission Reductions"	certified emission reductions, which are carbon credits issued by CDM Executive Board for emission reductions achieved by CDM projects and verified by a designated operating entity under the Kyoto Protocol
"Clean Development Mechanism" or "CDM"	the Clean Development Mechanism, an arrangement under the Kyoto Protocol allowing industrialized countries to invest in projects that reduce greenhouse gas emissions in developing countries in order to earn emission credits
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidate in our consolidated financial statements only. This 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. Consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
"consolidated power generation"	the aggregate gross 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
"Datang Corporation"	China Datang Group Corporation Limited (中國大唐集團有限公司), a state-owned corporation incorporated in the PRC and a controlling shareholder and one of the promoters of our Group

"Datang Finance"	China Datang Corporation Finance Company Limited (中國大唐集團財務有限公司) a company incorporated in the PRC with limited liability, which is a fellow subsidiary of the Company
"Datang Financial Leasing"	Datang Financial Leasing Co., Ltd (大唐融資租賃有限公司), a company incorporated in the PRC with limited liability, which is a fellow subsidiary as well as an associate of the Company
"Datang Jilin"	Datang Jilin Power Generation Company Limited (大唐吉林發電有限公司), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of Datang Corporation and also our controlling shareholder and one of the promoters of the Group
"Datang Renewables (H.K.)"	Datang Renewables (H.K.) Co., Limited (大唐新能源(香港)有限公司), a company with limited liability incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company
"electricity sales"	gross power generation less (i) auxiliary electricity; and (ii) the electricity generated during the construction and testing period. Income attributable to the sales of electricity generated during the construction and testing period is not included in the electricity sales revenue, but is offset against the cost of property, plant and equipment
"generation capacity"	the capacity of wind turbines that have started to produce electricity, which capacity corresponds to the amount of power generation salable to the power grid companies plus the auxiliary electricity
"Group" or "we" or "us"	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股有限公司) and its subsidiaries
"GWh"	unit of energy, gigawatt-hour. 1 GWh=1 million kWh
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"installed capacity"	the capacity of those wind power projects in which the wind turbines have been completely assembled and erected
"kW"	unit of energy, kilowatt. 1 kW=1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy generally used in the electric power industry. One kilo-watthour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

Glossary of Terms (Continued)

"Latest Practicable Date"	23 April 2018, being the latest practicable date prior to the printing of this report for ascertaining certain information contained in this report
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MW"	unit of energy and unit of power, megawatt. 1MW=1,000 kW. The installed capacity of power plants is generally expressed in MW
"MWh"	unit of energy, megawatt-hour. 1 MWh=1,000 kWh
"on-grid tariff"	the price of electricity per kWh for which a power project could sell the electricity it generates to the power grid companies. On-grid tariff includes (1) benchmark or approved on-grid tariff; (2) tariff premiums for wind power companies to compensate the costs of transmission lines that wind power companies constructed and owned (if applicable); and/or (3) discretionary tariff subsidies granted by the local government (if applicable)
"operating projects" or "projects in operation"	projects in which the wind turbines have been completely assembled and erected
"Our Company" or "Company" or "Datang Renewable"	China Datang Corporation Renewable Power Co., Limited* (中國大唐集團新能源股份有限公司)
"pipeline projects"	wind power projects that have been identified and reserved for future development pursuant to the wind energy investment and development agreements that we entered into with local governments at all levels under which we are authorized to develop wind farms at specified sites with certain estimated total capacity
"PRC"	the People's Republic of China, unless it has specifically specified, it excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"projects under construction"	projects for which the construction work on the roads, foundations or electrical infrastructure have commenced, the approvals of the NDRC or provincial development and reform committee have been received and detailed engineering and construction blueprints have been completed
"prospective capacity"	the capacity of pipeline projects reserved for future development

"renewable energy sources"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, sunlight or water (based on industry consensus, hydro power less than 50 MW is categorized as renewable energy, which is encouraged by the Renewable Energy Law)
"RMB"	Renminbi, the current lawful currency of the PRC
"Shanghai Leasing Company"	Shanghai Datang Finance Leasing Co., Ltd.* (上海大唐融資租賃有限公司), a company incorporated in the PRC with limited liability and a fellow subsidiary of the Company
"USD"	United States dollars, the current lawful currency of the United States
「%」	per cent

Corporate Information

LEGAL NAME OF THE COMPANY

中國大唐集團新能源股份有限公司

ENGLISH NAME OF THE COMPANY

China Datang Corporation Renewable Power Co., Limited*

REGISTERED OFFICE

Room 149, Building 1, No. 3, Xijing Road, Badachu Hi-tech Zone, Shijingshan District, Beijing, the PRC

HEAD OFFICE IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Chen Feihu

AUTHORIZED REPRESENTATIVES

Ms. Kwong Yin Ping Yvonne
Mr. Zhou Kewen

JOINT COMPANY SECRETARIES

Mr. Cui Jian
Ms. Kwong Yin Ping Yvonne

COMMITTEES UNDER THE BOARD

Audit Committee

Mr. Lo Mun Lam, Raymond *(independent non-executive Director) (Chairman)*
Mr. Liu Baojun *(non-executive Director)*
Mr. Yu Shunkun *(independent non-executive Director)*

* *For identification purposes only*

Nomination Committee

Mr. Liu Chaoan *(independent non-executive Director) (Chairman)*
Mr. Liang Yongpan *(non-executive Director)*
Mr. Lo Mun Lam, Raymond *(independent non-executive Director)*

Remuneration and Assessment Committee

Mr. Yu Shunkun *(independent non-executive Director) (Chairman)*
Mr. Zhou Kewen *(executive Director)*
Mr. Liu Chaoan *(independent non-executive Director)*

Strategic Committee

Mr. Zhou Kewen *(executive Director) (Chairman)*
Mr. Liu Guangming *(non-executive Director)*
Mr. Jiao Jianqing *(executive Director)*

AUDITORS

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As to the PRC law
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PRINCIPAL BANKS

- Industrial and Commercial Bank of China Limited Beijing Branch

  Tower B, Tianyin Mansion, No. 2 Fuxingmen South Avenue, Xicheng District, Beijing, the PRC

- Bank of Communications Co., Ltd. Beijing Branch

  No. 33 Financial Street, Xicheng District, Beijing, the PRC

- China Development Bank Co., Ltd.

  No. 29 Fuchengmenwai Avenue, Xicheng District, Beijing, the PRC

- Standard Chartered Bank (China) Limited

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STOCK CODE

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